

**ANNUAL STATEMENT**

**OF THE**

**Volunteer State Health Plan, Inc.**

**of**

**Chattanooga**

**in the state of**

**Tennessee**

**TO THE**

**Insurance Department**

**OF THE STATE OF**

**Tennessee**

**FOR THE YEAR ENDED**  
**DECEMBER 31, 2005**

**2005**

ANNUAL STATEMENT

For the Year Ending December 31, 2005

OF THE CONDITION AND AFFAIRS OF THE

Volunteer State Health Plan, Inc.

NAIC Group Code	0000	0000	NAIC Company Code	Employer's ID Number	62-1656610
	(Current Period)	(Prior Period)			
Organized under the Laws of	Tennessee	State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America				
Licensed as business type:	Life, Accident & Health[ ]	Property/Casualty[ ]	Hospital, Medical & Dental Service or Indemnity[ ]		
	Dental Service Corporation[ ]	Vision Service Corporation[ ]	Health Maintenance Organization[X]		
	Other[ ]	Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]			
Incorporated/Organized	07/11/1996	Commenced Business	11/01/1996		
Statutory Home Office	801 Pine Street	Chattanooga, TN 37402			
	(Street and Number)	(City, or Town, State and Zip Code)			
Main Administrative Office	801 Pine Street	Chattanooga, TN 37402	(423)535-5600		
	(Street and Number)	(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	801 Pine Street	Chattanooga, TN 37402			
	(Street and Number or P.O. Box)	(City, or Town, State and Zip Code)			
Primary Location of Books and Records	801 Pine Street	Chattanooga, TN 37402	(423)535-5600		
	(Street and Number)	(City, or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	www.bcbst.com				
Statutory Statement Contact	Dana Elaine Hull	(423)535-7919			
	(Name)	(Area Code)(Telephone Number)(Extension)			
	Dana_Hull@BCBST.com	(423)535-8331			
	(E-Mail Address)	(Fax Number)			
Policyowner Relations Contact	801 Pine Street	Chattanooga, TN 37402	(423)535-5600		
	(Street and Number)	(City, or Town, State and Zip Code)	(Area Code) (Telephone Number)(Extension)		

OFFICERS

Name	Title	
Vicky Brown Gregg	Chairman	#
Ronald Ellis Harr	President & CEO	
Sonya Kay Nelson	Vice President, Medicaid Administration	#
Shelia Dian Clemons	Secretary	#
David Lee Deal	Treasurer & CFO	
Harold Hoke Cantrell Jr.	Assistant Treasurer	

OTHERS

DIRECTORS OR TRUSTEES

Ronald Ellis Harr

David Lee Deal

Steven Lee Coulter MD #

Vicky Brown Gregg

Joan Carol Harp

State of

Tennessee

County of

Hamilton

ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

<div>Ronald Ellis Harr</div> <div>(Signature)</div> <div>Ronald Ellis Harr</div> <div>(Printed Name)</div> <div>President &amp; CEO</div> <div>(Title)</div>	<div>Shelia Dian Clemons</div> <div>(Signature)</div> <div>Shelia Dian Clemons</div> <div>(Printed Name)</div> <div>Secretary</div> <div>(Title)</div>	<div>David Lee Deal</div> <div>(Signature)</div> <div>David Lee Deal</div> <div>(Printed Name)</div> <div>Treasurer &amp; CFO</div> <div>(Title)</div>
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Subscribed and sworn to before me this

22nd

day of

FEB

, 2006

Micki Collins

(Notary Public Signature)

NOTARY PUBLIC AT LARGE HAMILTON CO. TN

a. Is this an original filing?

b. If no, (State the amendment number)

2. Date filed

3. Number of pages attached

Yes[X] No[ ]

MY COMMISSION EXPIRES:

September 23, 2006



Statement of Actuarial Opinion

I, David Bruce Trindle, FSA, MAAA, am an independent actuarial consultant. I am a member of the American Academy of Actuaries and have been retained by BlueCross BlueShield of Tennessee, Inc. (BCBST). I meet the American Academy of Actuaries qualification standards for issuing an opinion on the unpaid claims liability of health insurers. I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities, and related items as shown in the annual statement of Volunteer State Health Plan (the Company) as prepared for filing with the Tennessee Department of Insurance for the year ending December 31, 2005.

Item	Statement Reference		Amount
	Page – Line		
Claims Unpaid	3-1	\$	0
Accrued medical incentive & bonus payments	3-2	\$	0
Unpaid claims adjustment expenses	3-3	\$	0
Aggregate policy reserves	3-4	\$	0
Aggregate health claim reserves	3-7	\$	0
Any other actuarial liabilities	3-17	\$	0

My examination included such review of the assumptions and methods used and of the underlying basic records and/or summaries and such tests and calculations, as I considered necessary. In making my examination, I have relied on Norman John Zwitter, FSA, MAAA, an employee of BlueCross BlueShield of Tennessee, Inc. (BCBST) for making the underlying calculations of the reserve liability and reviewing the underlying data as required by actuarial standards of practice. I have relied on listings and summaries of claims and other relevant data, and upon representations regarding the consistency of paid claims data and un-paid claims reported in the Underwriting and Investment Exhibit – Part 2B of the Annual Statement as prepared by Dana Elaine Hull, Manager of Subsidiary Accounting. I have also relied on the accuracy and consistency of the electronic systems and databases used as the basis of my analysis as provided by John Timothy Morgan, Senior Manager Information Management Finance.

My review did not include asset adequacy analysis, as such analysis is not in the scope of my assignment. I have not reviewed any of the Company's assets and I have not formed an opinion as to the validity or value. The following opinion rests on the assumption that the Company's December 31, 2005 statutory-basis unpaid claims liability is funded by valid assets that have suitably scheduled maturities and/or adequate liquidity to meet cash flow requirements.

In my opinion, the amounts carried on the balance sheet on account of the items identified above for December 31, 2005:

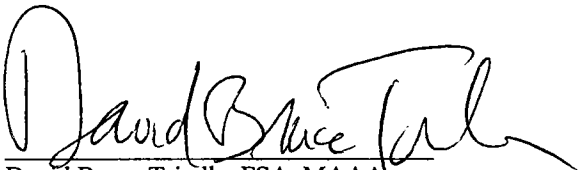
- (a) Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial standards,
- (b) Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- (c) Meet the requirements of the insurance laws and regulations of the state of Tennessee,
- (d) Make a good and sufficient provision for all unpaid claims liabilities and other actuarial liabilities of the corporation under the terms of its contracts and agreements,
- (e) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end,
- (f) Include appropriate provision for all actuarial reserves and related actuarial items that ought to be established.

The Underwriting and Investment Exhibit – Part 2B was prepared consistent with "Standard of Practice No. 3.6 Follow-Up Studies" contained in the Actuarial standards of Practice No. 5, "Incurred Health and Disability Claims" as adopted by the Actuarial Standards Board of the American Academy of Actuaries in December 2000.

Actuarial methods, considerations, and analyses used in forming this opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

Considerable uncertainty and variability are inherent in estimating the unpaid claim liability. Accordingly, the subsequent development may not conform to the assumptions inherent in its determination and therefore may cause fluctuations in the ultimate amount of claims that are paid.

My review related only to the statutory-basis items identified herein, and I do not express an opinion on the Company's financial statements taken as a whole. This opinion has been prepared solely for the Board and the management of the Company, for filing with insurance regulatory agencies of states in which the Company is licensed, and for the Blue Cross and Blue Shield Association and is not intended for any other purpose.

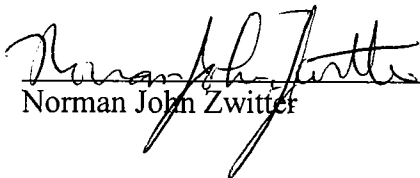
  
David Bruce Trindle, FSA, MAAA  
BlueCross BlueShield of Tennessee, Inc.

Volunteer State Health Plan, Inc.  
2005 Reliance Statement

I, Norman John Zwitter, FSA, MAAA, Valuation Actuary of BCBST, meet the American Academy of Actuaries qualification standards for issuing an opinion on the unpaid claims liability of health insurers. I hereby affirm that all actuarial information submitted by me and under my direction to David Bruce Trindle, FSA, MAAA, is to the best of my knowledge and belief, accurate and complete. My examination included such review of the assumptions and methods used and of the underlying basic records and/or summaries and such tests and calculations, as I considered necessary.

In my opinion, the amounts carried on the balance sheet on account of the items identified above for December 31, 2005:

- (a) Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial standards,
- (b) Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- (c) Meet the requirements of the insurance laws and regulations of the state of Tennessee,
- (d) Make a good and sufficient provision for all unpaid claims liabilities and other actuarial liabilities of the corporation under the terms of its contracts and agreements,
- (e) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end,
- (f) Include appropriate provision for all actuarial reserves and related actuarial items that ought to be established.

  
Norman John Zwitter

2/2/06  
Date

Volunteer State Health Plan, Inc.  
Reliance Statement  
2005 Annual Statement

I, Dana Elaine Hull, Manager, Subsidiary Accounting of BlueCross BlueShield of Tennessee, Inc. (801 Pine Street, Chattanooga, TN), hereby affirm that all accounting-related information prepared for and submitted to David B. Trindle, FSA, MAAA, was prepared under my direction and, to the best of my knowledge and belief, is substantially accurate and complete. This includes accounting information utilized in the amounts reported in the Underwriting and Investment Exhibit – Part 2B of the annual statement (NAIC format).

Dana Elaine Hull

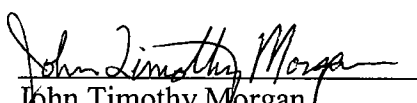
Dana Elaine Hull

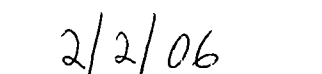
1-30-06

Date

Volunteer State Health Plan, Inc.  
Reliance Statement  
2005 Annual Statement

I, John Timothy Morgan, Manager IM Finance of BlueCross BlueShield of Tennessee, Inc. (801 Pine Street, Chattanooga, TN) hereby affirm that the data extracts from the electronic data warehouse and subsequent database structures provided to David B. Trindle, FSA, MAAA, as the basis of the reserve analysis were prepared under my direction and, to the best of my knowledge and belief, are substantially accurate and complete.

  
John Timothy Morgan

  
Date

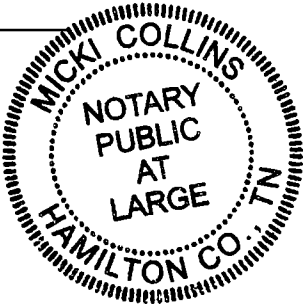
**CERTIFICATE OF COMPLIANCE COVERING ADVERTISEMENT  
OF ACCIDENT AND HEALTH POLICES**

This is to certify that to the best of my knowledge, information and belief, the advertisements disseminated\* by **Volunteer State Health Plan, Inc.**, during the preceding year, complied with or were made to comply in all respects with the provisions of the Insurance Laws and Rules of Tennessee as prescribed in Tenn. Comp. R & Regs., Department of Commerce Insurance, ch. 0780-1-8.17 and the ruling issued thereunder by the State Commissioner of Commerce and Insurance of the State of Tennessee.

\*Volunteer State Health Plan, Inc. did not disseminate any advertisements during the preceding year.


  
\_\_\_\_\_  
Ronald Ellis Harr, Authorized Officer      Jan 27, 2006  
Date

\_\_\_\_\_  
President and Chief Executive Officer  
Officers Title



Subscribed and sworn to before me this 1/27/06  
(date)

My Commission Expires 9/23/06  
(date)

  
\_\_\_\_\_  
Notary Signature:

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	29,169,440		29,169,440	26,654,103
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances) .....				
4.2	Properties held for the production of income (less \$..... encumbrances) .....				
4.3	Properties held for sale (less \$..... encumbrances) .....				
5.	Cash (\$.....(18,547,658) Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$.....27,811,068 Schedule DA) .....	9,263,410		9,263,410	10,339,058
6.	Contract loans (including \$..... premium notes) .....				
7.	Other invested assets (Schedule BA) .....				
8.	Receivables for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	38,432,850		38,432,850	36,993,161
11.	Title plants less \$..... charged off (for Title insurers only) .....				
12.	Investment income due and accrued .....	431,284		431,284	229,478
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection .....				
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums) .....				
13.3	Accrued retrospective premiums .....				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers .....				
14.2	Funds held by or deposited with reinsured companies .....				
14.3	Other amounts receivable under reinsurance contracts .....				
15.	Amounts receivable relating to uninsured plans .....	2,234,897		2,234,897	7,391
16.1	Current federal and foreign income tax recoverable and interest thereon ...				
16.2	Net deferred tax asset .....	338,465	338,465		
17.	Guaranty funds receivable or on deposit .....				
18.	Electronic data processing equipment and software .....				
19.	Furniture and equipment, including health care delivery assets (\$.....) .....				
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
21.	Receivables from parent, subsidiaries and affiliates .....				
22.	Health care (\$.....) and other amounts receivable .....				
23.	Aggregate write-ins for other than invested assets .....				24,163
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	41,437,496	338,465	41,099,031	37,254,193
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	Total (Lines 24 and 25) .....	41,437,496	338,465	41,099,031	37,254,193
DETAILS OF WRITE-INS					
0901.	.....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301.	Exigency Post-Settlement Activity .....				24,163
2302	.....				
2303	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				24,163



LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded) .....				
2.	Accrued medical incentive pool and bonus amounts .....				
3.	Unpaid claims adjustment expenses .....				
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....				
9.	General expenses due or accrued .....	587,386		587,386	506,143
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittance and items not allocated .....	52,133		52,133	52,984
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	4,542,079		4,542,079	320,182
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured accident and health plans .....	1,649,454		1,649,454	1,026,949
21.	Aggregate write-ins for other liabilities (including \$..... current) .....	3,847,203		3,847,203	4,330,843
22.	Total liabilities (Lines 1 to 21) .....	10,678,255		10,678,255	6,237,101
23.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
24.	Common capital stock .....	X X X	X X X	100,000	100,000
25.	Preferred capital stock .....	X X X	X X X		
26.	Gross paid in and contributed surplus .....	X X X	X X X		
27.	Surplus notes .....	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X	26,903,259	22,214,872
29.	Unassigned funds (surplus) .....	X X X	X X X	3,417,517	8,702,220
30.	Less treasury stock, at cost:				
30.1	..... shares common (value included in Line 24 \$.....) .....	X X X	X X X		
30.2	..... shares preferred (value included in Line 25 \$.....) .....	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30) .....	X X X	X X X	30,420,776	31,017,092
32.	Total Liabilities, capital and surplus (Lines 22 and 31) .....	X X X	X X X	41,099,031	37,254,193
DETAILS OF WRITE-INS					
2101.	Due State of Tennessee .....	3,036,716		3,036,716	3,105,208
2102.	Stale Dated Checks .....	794,598		794,598	1,140,553
2103.	Exigency Post Settlement Activity .....	15,889		15,889	
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				85,082
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....	3,847,203		3,847,203	4,330,843
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		
2801.	Legally Required Reserves .....	X X X	X X X	26,903,259	22,214,872
2802	.....	X X X	X X X		
2803	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above) .....	X X X	X X X	26,903,259	22,214,872

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....		
2.	Net premium income (including \$..... non-health premium income) .....	X X X .....	(185,017)	1,048,821
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$..... medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	Total revenues (Lines 2 to 7) .....	X X X .....	(185,017)	1,048,821
Hospital and Medical:				
9.	Hospital/medical benefits .....		270,989	1,892,918
10.	Other professional services .....		(179,037)	20,501
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....		22,340	(37,218)
13.	Prescription drugs .....		(488)	(2,788)
14.	Aggregate write-ins for other hospital and medical .....		173,243	499,128
15.	Incentive pool, withhold adjustments and bonus amounts .....			
16.	Subtotal (Lines 9 to 15) .....		287,047	2,372,541
Less:				
17.	Net reinsurance recoveries .....			
18.	Total hospital and medical (Lines 16 minus 17) .....		287,047	2,372,541
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....137,553 cost containment expenses .....		695,148	1,266,410
21.	General administrative expenses .....		949,354	1,145,074
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only) .....			
23.	Total underwriting deductions (Lines 18 through 22) .....		1,931,549	4,784,025
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	(2,116,566)	(3,735,204)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		1,170,569	648,317
26.	Net realized capital gains (losses) less capital gains tax of \$..... .....		(26,167)	(4,683)
27.	Net investment gains (losses) (Lines 25 plus 26) .....		1,144,402	643,634
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	(972,164)	(3,091,570)
31.	Federal and foreign income taxes incurred .....	X X X .....	(375,884)	(1,345,220)
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	(596,280)	(1,746,350)
DETAILS OF WRITE-INS				
0601.	GME, Meharry, Critical Access, and EPP Revenues .....	X X X .....	119,556,588	187,984,703
0602.	GME, Meharry, Critical Access, and EPP Premium Taxes .....	X X X .....	(2,391,132)	(3,759,694)
0603.	Critical Access Payments .....	X X X .....	(6,644,912)	(4,148,628)
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....	(110,520,544)	(180,076,381)
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701	.....	X X X .....		
0702	.....	X X X .....		
0703	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	Exigency Post-Settlement Activity .....		173,243	499,128
1402.	.....			
1403	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		173,243	499,128
2901.	.....			
2902	.....			
2903	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	31,017,092	32,762,805
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32 .....	(596,280)	(1,746,350)
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....		
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....	(35,650)	(262,534)
39.	Change in nonadmitted assets .....	35,614	263,171
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	(596,316)	(1,745,713)
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	30,420,776	31,017,092
DETAILS OF WRITE-INS			
4701.	.....		
4702.	.....		
4703	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

Report #2A: VOLUNTEER STATE HEALTH PLAN, INC STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year-to-date Total	Total
MEMBER MONTHS	-	-	-
<b>REVENUES:</b>			
1. TennCare Capitation	(119,603)	(185,017)	1,048,821
2. Adverse Selection	-	-	-
3. Total TennCare Revenue (Lines 1 and 2)	(119,603)	(185,017)	1,048,821
4. Investment	393,773	1,144,402	643,634
5. Other Revenue (Provide Detail)	-	-	-
6. TOTAL REVENUES (Lines 1 to 5)	274,170	959,385	1,692,455
<b>EXPENSES:</b>			
Medical and Hospital Services:			
7. Capitated Physician Services	-	-	-
8. Fee-for Service Physician Services	(8,749)	226,675	365,833
9. Inpatient Hospital Services	(7,618)	391,656	603,765
10. Outpatient Services	(17,420)	17,794	1,834,342
11. Emergency Room Services	(898)	30,114	(40,559)
12. Mental Health Services	-	-	-
13. Dental Services	-	-	-
14. Vision Services	-	196	40
15. Pharmacy Services	-	-	(1,088)
16. Home Health Services	-	23,907	(85)
17. Chiropractic Services	-	-	-
18. Radiology Services	(1,058)	20,245	(14,648)
19. Laboratory Services	42	178	(1,611)
20. Durable Medical Services	1	(114,018)	31,420
21. Transportation Services	(7,191)	(49,935)	5,335
22. Outside Referrals	-	-	-
23. Medical Incentive Pool and Withhold Adjustments	-	-	-
24. Occupancy, Depreciation, and Amortization	-	-	-
25. Other Medical and Hospital Services (Provide Detail)	12,379	80,702	448,642
26. Subtotal (Lines 7 to 25)	(30,512)	627,514	3,231,386
LESS:			
27. Reinsurance Expenses Net of Recoveries			
28. Copayments	-	(764)	(594)
29. Subrogation and Coordination of Benefits	139,066	341,231	859,439
30. Subtotal (Lines 27 to 29)	139,066	340,467	858,845
31. TOTAL MEDICAL AND HOSPITAL (Lines 26 minus line 30)	(169,578)	287,047	2,372,541
Administration:			
32. Compensation	213,065	1,058,805	1,603,552
33. Marketing	-	-	-
34. Interest Expense	-	-	-
35. Premium Tax Expense	(2,392)	(3,700)	20,977
36. Occupancy, Depreciation and Amortization	18,294	108,945	171,878
37. Other Administration (Provide Detail)	156,302	480,452	615,077
38. TOTAL ADMINISTRATION (Lines 32 to 37)	385,269	1,644,502	2,411,484
39. TOTAL EXPENSES (Lines 31 and 38)	215,691	1,931,549	4,784,025
40. Extraordinary Item			
41. Provision for Federal Income Taxes	13,037	(375,884)	(1,345,220)
42. NET INCOME/(LOSS) (Line 6 less Lines 39,40 and 41))	45,442	(596,280)	(1,746,350)
<b>DETAILS OF WRITE-INS</b>			
0501. GME, Meharry, Critical Access & EPP Revenues	33,086,027	119,556,588	187,984,703
0502. GME, Meharry, Critical Access, and EPP Premium Taxes	(661,721)	(2,391,132)	(3,759,694)
0503. Critical Access Payments	(2,424,306)	(6,644,912)	(4,148,628)
0504. Meharry Payments	(5,000,000)	(10,520,544)	(4,940,605)
0505. Essential Provider Payments (EPP)	(25,000,000)	(100,000,000)	(125,000,000)
0506. GME Payments	-	-	(50,135,776)
0599. TOTALS	-	-	-
2501. Exigency Post-Settlement Activity	31,804	173,243	499,128
2502. PT/OT/ST, Supplies, Prosthetics, etc.	-	971	(5,370)
2503. Out of Area Claims	-	(4,312)	3,116
2504. Bad Debt Expense	(19,425)	(89,200)	(48,232)
2599. TOTALS	12,379	80,702	448,642
3701. Equipment	52,946	202,729	283,992
3702. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	63,772	106,639	81,755
3703. Postage/Telephone	13,507	70,873	108,768
3704. Auditing, Actuarial, and Other Consulting	7,948	46,150	72,432
3705. Outsourced Services	8,972	28,514	37,053
3706. Printing and Stationary	9,157	25,547	31,077
3799. TOTALS	156,302	480,452	615,077

Report #2A: TennCare Select Only			
	Current Year		Previous Year
	Current Period	Year-to-date Total	Total
MEMBER MONTHS	1,296,859	5,377,556	5,591,880
<b>REVENUES:</b>			
1. TennCare Capitation	230,550,943	1,050,171,295	1,033,155,396
2. Adverse Selection	-	-	-
3. Total TennCare Revenue (Lines 1 and 2)	230,550,943	1,050,171,295	1,033,155,396
4. Investment	-	-	-
5. Other Revenue (Provide Detail)	-	-	-
6. TOTAL REVENUES (Lines 1 to 5)	230,550,943	1,050,171,295	1,033,155,396
<b>EXPENSES:</b>			
Medical and Hospital Services:			
7. Capitated Physician Services	1,417,386	5,881,330	6,266,493
8. Fee-for Service Physician Services	63,834,541	292,178,650	297,710,776
9. Inpatient Hospital Services	54,747,712	269,679,415	286,869,203
10. Outpatient Services	31,229,902	153,246,545	157,717,918
11. Emergency Room Services	6,696,522	31,125,962	32,387,045
12. Mental Health Services	-	-	-
13. Dental Services	290	7,473	4,596
14. Vision Services	159,269	713,808	628,089
15. Pharmacy Services	-	(6,899)	(87,106)
16. Home Health Services	26,162,997	88,623,588	48,381,462
17. Chiropractic Services	-	-	-
18. Radiology Services	4,618,628	23,014,343	24,503,370
19. Laboratory Services	3,895,510	16,311,191	17,353,188
20. Durable Medical Services	4,832,259	22,919,935	21,765,166
21. Transportation Services	7,323,031	28,126,031	27,421,450
22. Outside Referrals	-	-	-
23. Medical Incentive Pool and Withhold Adjustments	-	-	-
24. Occupancy, Depreciation, and Amortization	-	-	-
25. Other Medical and Hospital Services (Provide Detail)	5,467,461	33,928,717	26,499,934
26. Subtotal (Lines 7 to 25)	210,385,508	965,750,089	947,421,584
LESS:			
27. Reinsurance Expenses Net of Recoveries			
28. Copayments	167,810	1,523,336	1,824,785
29. Subrogation and Coordination of Benefits	928,947	2,790,729	1,950,657
30. Subtotal (Lines 27 to 29)	1,096,757	4,314,065	3,775,442
31. TOTAL MEDICAL AND HOSPITAL (Lines 26 minus line 30)	209,288,751	961,436,024	943,646,142
Administration:			
32. Compensation	9,229,809	43,721,643	46,678,998
33. Marketing	-	-	-
34. Interest Expense	-	-	-
35. Premium Tax Expense	4,611,019	21,003,426	20,663,108
36. Occupancy, Depreciation and Amortization	801,733	4,498,755	5,003,310
37. Other Administration (Provide Detail)	6,619,631	19,839,444	17,904,749
38. TOTAL ADMINISTRATION (Lines 32 to 37)	21,262,192	89,063,268	90,250,165
39. TOTAL EXPENSES (Lines 31 and 38)	230,550,943	1,050,499,292	1,033,896,307
40. Extraordinary Item			
41. Provision for Federal Income Taxes	-	(114,799)	(259,319)
42. NET INCOME/(LOSS) (Line 6 less Lines 39,40 and 41))	-	(213,198)	(481,592)
<b>DETAILS OF WRITE-INS</b>			
2501. PT/OT/ST, Supplies, Prosthetics, etc.	4,288,352	25,308,739	17,649,455
2502. Out of Area Claims Expense	1,373,522	7,472,710	7,645,686
2503. Bad Debt Expense	(194,413)	1,147,268	1,204,793
2599. TOTALS	5,467,461	33,928,717	26,499,934
3701. Equipment Rental	2,262,787	8,371,360	8,266,942
3702. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	2,655,228	4,403,472	2,379,876
3703. Postage/Telephone	587,011	2,926,573	3,166,211
3704. Auditing, Actuarial, and Other Consulting	347,682	1,905,676	2,108,488
3705. Outsourced Services	380,441	1,177,435	1,078,600
3706. Printing and Stationary	386,482	1,054,928	904,632
3799. TOTALS	6,619,631	19,839,444	17,904,749

Report #2A: Stabilization Plan Only			
	Current Year		Previous Year
	Current Period	Year-to-date Total	Total
MEMBER MONTHS	682,558	2,954,571	3,206,490
<b>REVENUES:</b>			
1. TennCare Capitation	111,132,673	520,031,931	541,320,501
2. Adverse Selection	-	-	-
3. Total TennCare Revenue (Lines 1 and 2)	111,132,673	520,031,931	541,320,501
4. Investment	-	-	-
5. Other Revenue (Provide Detail)	-	-	-
6. TOTAL REVENUES (Lines 1 to 5)	111,132,673	520,031,931	541,320,501
<b>EXPENSES:</b>			
Medical and Hospital Services:			
7. Capitated Physician Services	562,409	2,439,922	4,893,967
8. Fee-for Service Physician Services	37,488,300	172,124,088	180,129,279
9. Inpatient Hospital Services	24,599,976	116,696,753	129,297,944
10. Outpatient Services	14,852,921	75,017,580	82,634,390
11. Emergency Room Services	3,224,555	14,475,784	15,575,889
12. Mental Health Services	-	-	-
13. Dental Services	93	1,949	2,461
14. Vision Services	75,990	380,392	319,896
15. Pharmacy Services	-	(14,703)	(516,148)
16. Home Health Services	8,066,984	30,966,459	19,747,940
17. Chiropractic Services	-	-	-
18. Radiology Services	2,310,642	12,013,392	13,646,789
19. Laboratory Services	2,624,143	11,574,493	11,184,824
20. Durable Medical Services	2,713,548	13,486,001	13,121,785
21. Transportation Services	2,498,575	10,517,401	10,929,500
22. Outside Referrals	-	-	-
23. Medical Incentive Pool and Withhold Adjustments	-	-	-
24. Occupancy, Depreciation, and Amortization	-	-	-
25. Other Medical and Hospital Services (Provide Detail)	2,710,865	16,824,883	11,959,524
26. Subtotal (Lines 7 to 25)	101,729,001	476,504,394	492,928,040
LESS:			
27. Reinsurance Expenses Net of Recoveries			
28. Copayments	117,792	1,033,850	1,238,149
29. Subrogation and Coordination of Benefits	419,550	1,415,990	1,303,557
30. Subtotal (Lines 27 to 29)	537,342	2,449,840	2,541,706
31. TOTAL MEDICAL AND HOSPITAL (Lines 26 minus line 30)	101,191,659	474,054,554	490,386,334
Administration:			
32. Compensation	4,151,164	23,113,098	27,735,988
33. Marketing	-	-	-
34. Interest Expense	-	-	-
35. Premium Tax Expense	2,222,654	10,400,639	10,826,410
36. Occupancy, Depreciation and Amortization	345,788	2,378,231	2,972,894
37. Other Administration (Provide Detail)	3,220,355	10,487,965	10,638,745
38. TOTAL ADMINISTRATION (Lines 32 to 37)	9,939,961	46,379,933	52,174,037
39. TOTAL EXPENSES (Lines 31 and 38)	111,131,620	520,434,487	542,560,371
40. Extraordinary Item			
41. Provision for Federal Income Taxes	368	(140,895)	(433,955)
42. NET INCOME/(LOSS) (Line 6 less Lines 39,40 and 41))	685	(261,661)	(805,915)
<b>DETAILS OF WRITE-INS</b>			
2501. PT/OT/ST, Supplies, Prosthetics, etc.	2,258,718	13,247,731	7,744,862
2502. Out of Area Claims Expense	481,936	2,849,129	2,796,950
2503. Bad Debt Expense	(29,789)	728,023	1,417,712
2599. TOTALS	2,710,865	16,824,883	11,959,524
3701. Equipment Rental	1,067,258	4,425,453	4,912,097
3702. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	1,366,762	2,327,861	1,414,091
3703. Postage/Telephone	260,932	1,547,110	1,881,317
3704. Auditing, Actuarial, and Other Consulting	150,910	1,007,420	1,252,833
3705. Outsourced Services	184,293	622,442	640,888
3706. Printing and Stationary	190,200	557,679	537,519
3799. TOTALS	3,220,355	10,487,965	10,638,745

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	(185,017)	1,048,821
2.	Net investment income .....	1,374,034	755,938
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	1,189,017	1,804,759
5.	Benefit and loss related payments .....	287,047	2,372,541
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	3,168,260	4,153,857
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses) .....	(375,848)	(1,345,857)
10.	Total (Lines 5 through 9) .....	3,079,459	5,180,541
11.	Net cash from operations (Line 4 minus 10) .....	(1,890,442)	(3,375,782)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	20,845,000	17,449,457
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....	0	772,417
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	20,845,000	18,221,874
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	23,791,775	28,145,129
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	23,791,775	28,145,129
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(2,946,775)	(9,923,255)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	3,761,569	(1,601,783)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	3,761,569	(1,601,783)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(1,075,648)	(14,900,820)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	10,339,058	25,239,878
19.2	End of year (Line 18 plus Line 19.1) .....	9,263,410	10,339,058

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**  
**(Gain and Loss Exhibit)**

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income .....	(185,017)							(185,017)					
2.	Change in unearned premium reserves and reserve for rate credit ..													
3.	Fee-for-service (net of \$..... medical expenses) .....													X X X
4.	Risk revenue .....													X X X
5.	Aggregate write-ins for other health care related revenues .....													X X X
6.	Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	Total revenues (Lines 1 to 6) .....	(185,017)							(185,017)					
8.	Hospital/medical benefits .....	270,989							270,989					X X X
9.	Other professional services .....	(179,037)							(179,037)					X X X
10.	Outside referrals .....													X X X
11.	Emergency room and out-of-area .....	22,340							22,340					X X X
12.	Prescription drugs .....	(488)							(488)					X X X
13.	Aggregate write-ins for other hospital and medical .....	173,243							173,243					X X X
14.	Incentive pool, withhold adjustments and bonus amounts .....													X X X
15.	Subtotal (Lines 8 to 14) .....	287,047							287,047					X X X
16.	Net reinsurance recoveries .....													X X X
17.	Total hospital and medical (Lines 15 minus 16) .....	287,047							287,047					X X X
18.	Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....137,553 cost containment expenses .....	695,148							695,148					
20.	General administrative expenses .....	949,354							949,354					
21.	Increase in reserves for accident and health contracts .....													X X X
22.	Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	Total underwriting deductions (Lines 17 to 22) .....	1,931,549							1,931,549					
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	(2,116,566)							(2,116,566)					
<b>DETAILS OF WRITE-INS</b>														
0501.	GME, Meharry, Critical Access, and EPP Revenues .....	119,556,588							119,556,588					X X X
0502.	GME, Meharry, Critical Access, and EPP Premium Taxes .....	(2,391,132)							(2,391,132)					X X X
0503.	Critical Access Payments .....	(6,644,912)							(6,644,912)					X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page .....	(110,520,544)							(110,520,544)					X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....													X X X
0601	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Exigency Post-Settlement Activity .....	173,243							173,243					X X X
1302.	.....													X X X
1303	.....													X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page .....													X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	173,243							173,243					X X X



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	(185,017)	.....	.....	(185,017)
8.	Stop loss .....	.....	.....	.....	.....
9.	Disability income .....	.....	.....	.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11) .....	(185,017)	.....	.....	(185,017)
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14) .....	(185,017)	.....	.....	(185,017)

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2 - Claims Incurred During the Year**

6

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct .....	287,047							287,047					
1.2 Reinsurance assumed .....													
1.3 Reinsurance ceded .....													
1.4 Net .....	287,047							287,047					
2. Paid medical incentive pools and bonuses .....													
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct .....													
3.2 Reinsurance assumed .....													
3.3 Reinsurance ceded .....													
3.4 Net .....													
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct .....													
4.2 Reinsurance assumed .....													
4.3 Reinsurance ceded .....													
4.4 Net .....													
5. Accrued medical incentive pools and bonuses, current year .....													
6. Net healthcare receivables (a) .....													
7. Amounts recoverable from reinsurers December 31, current year .....													
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct .....													
8.2 Reinsurance assumed .....													
8.3 Reinsurance ceded .....													
8.4 Net .....													
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct .....													
9.2 Reinsurance assumed .....													
9.3 Reinsurance ceded .....													
9.4 Net .....													
10. Accrued medical incentive pools and bonuses, prior year .....													
11. Amounts recoverable from reinsurers December 31, prior year .....													
12. Incurred benefits:													
12.1 Direct .....	287,047							287,047					
12.2 Reinsurance assumed .....													
12.3 Reinsurance ceded .....													
12.4 Net .....	287,047							287,047					
13. Incurred medical incentive pools and bonuses .....													

(a) Excludes \$...... loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct .....													
1.2 Reinsurance assumed .....													
1.3 Reinsurance ceded .....													
1.4 Net .....													
2. Incurred but Unreported:													
2.1 Direct .....													
2.2 Reinsurance assumed .....													
2.3 Reinsurance ceded .....													
2.4 Net .....													
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct .....													
3.2 Reinsurance assumed .....													
3.3 Reinsurance ceded .....													
3.4 Net .....													
4. TOTALS													
4.1 Direct .....													
4.2 Reinsurance assumed .....													
4.3 Reinsurance ceded .....													
4.4 Net .....													

NONE

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	287,047	.....	.....	.....	287,047	.....
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8) .....	287,047	.....	.....	.....	287,047	.....
10.	Healthcare receivables (a) .....	.....	.....	.....	.....	.....	.....
11.	Other non-health .....	.....	.....	.....	.....	.....	.....
12.	Medical incentive pool and bonus amounts .....	.....	.....	.....	.....	.....	.....
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	287,047	.....	.....	.....	287,047	.....

(a) Excludes \$...... loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Grand Total**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	1,015,805	1,045,412	1,044,588	1,044,715	1,044,715
2.	2001 .....	688,909	742,103	740,874	741,160	740,958
3.	2002 .....	X X X	293,740	293,340	293,736	293,534
4.	2003 .....	X X X	X X X		1,228	1,919
5.	2004 .....	X X X	X X X	X X X	463	463
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	1,046,671	1,045,412	1,044,588	1,044,715	1,044,715
2.	2001 .....	748,672	742,396	740,874	741,160	740,958
3.	2002 .....	X X X	295,003	293,340	293,736	293,534
4.	2003 .....	X X X	X X X		1,228	1,919
5.	2004 .....	X X X	X X X	X X X	463	463
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....	861,549	740,958	45,515	6.143	786,473	91.286			786,473	91.286
2.	2002 .....	290,621	293,534	14,168	4.827	307,702	105.877			307,702	105.877
3.	2003 .....		1,919			1,919				1,919	
4.	2004 .....		463			463				463	
5.	2005 .....										

12 Total

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Hospital and Medical**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	N O N E				
2.	2001 .....					
3.	2002 .....					
4.	2003 .....		X X			
5.	2004 .....		X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	N O N E				
2.	2001 .....					
3.	2002 .....					
4.	2003 .....		X X			
5.	2004 .....		X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....			N O N E							
2.	2002 .....										
3.	2003 .....										
4.	2004 .....										
5.	2005 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Medicare Supplement**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	<b>N O N E</b>				
2.	2001 .....					
3.	2002 .....					
4.	2003 .....		X X			
5.	2004 .....		X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	<b>N O N E</b>				
2.	2001 .....					
3.	2002 .....					
4.	2003 .....		X X			
5.	2004 .....		X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....			<b>N O N E</b>							
2.	2002 .....										
3.	2003 .....										
4.	2004 .....										
5.	2005 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

Dental Only

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....					
2.	2001 .....	<div>NONE</div>				
3.	2002 .....					
4.	2003 .....					
5.	2004 .....					
6.	2005 .....					
		X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....					
2.	2001 .....	<div>NONE</div>				
3.	2002 .....					
4.	2003 .....					
5.	2004 .....					
6.	2005 .....					
		X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....				<div>NONE</div>						
2.	2002 .....										
3.	2003 .....										
4.	2004 .....										
5.	2005 .....										

12 Dental Only



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

Vision Only

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	N O N E				
2.	2001 .....					
3.	2002 .....					
4.	2003 .....		X X			
5.	2004 .....		X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	N O N E				
2.	2001 .....					
3.	2002 .....					
4.	2003 .....		X X			
5.	2004 .....		X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....			N O N E							
2.	2002 .....										
3.	2003 .....										
4.	2004 .....										
5.	2005 .....										

12 Vision Only

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Federal Employees Health Benefits Plan Premiums

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....					
2.	2001 .....					
3.	2002 .....					
4.	2003 .....					
5.	2004 .....					
6.	2005 .....					

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....					
2.	2001 .....					
3.	2002 .....					
4.	2003 .....					
5.	2004 .....					
6.	2005 .....					

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....										
2.	2002 .....										
3.	2003 .....										
4.	2004 .....										
5.	2005 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Title XVIII - Medicare**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	N O N E				
2.	2001 .....					
3.	2002 .....					
4.	2003 .....		X X			
5.	2004 .....		X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	N O N E				
2.	2001 .....					
3.	2002 .....					
4.	2003 .....		X X			
5.	2004 .....		X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....			N O N E							
2.	2002 .....										
3.	2003 .....										
4.	2004 .....										
5.	2005 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Title XIX - Medicaid**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	1,015,805	1,045,412	1,044,588	1,044,715	1,044,715
2.	2001 .....	688,909	742,103	740,874	741,160	740,958
3.	2002 .....	X X X	293,740	293,340	293,736	293,534
4.	2003 .....	X X X	X X X		1,228	1,919
5.	2004 .....	X X X	X X X	X X X	463	463
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	1,046,671	1,045,412	1,044,588	1,044,715	1,044,715
2.	2001 .....	748,672	742,396	740,874	741,160	740,958
3.	2002 .....	X X X	295,003	293,340	293,736	293,534
4.	2003 .....	X X X	X X X		1,228	1,919
5.	2004 .....	X X X	X X X	X X X	463	463
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....	861,549	740,958	45,515	6.143	786,473	91.286			786,473	91.286
2.	2002 .....	290,621	293,534	14,168	4.827	307,702	105.877			307,702	105.877
3.	2003 .....		1,919			1,919				1,919	
4.	2004 .....		463			463				463	
5.	2005 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Other**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	N O N E				
2.	2001 .....					
3.	2002 .....					
4.	2003 .....		X X			
5.	2004 .....		X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	N O N E				
2.	2001 .....					
3.	2002 .....					
4.	2003 .....		X X			
5.	2004 .....		X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....			N O N E							
2.	2002 .....										
3.	2003 .....										
4.	2004 .....										
5.	2005 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves .....												
2. Additional policy reserves (a) .....												
3. Reserve for future contingent benefits .....												
4. Reserve for rate credits or experience rating refunds (including \$#####) for investment income .....												
5. Aggregate write-ins for other policy reserves .....												
6. Totals (gross) .....												
7. Reinsurance ceded .....												
8. Totals (Net) (Page 3, Line 4) .....												
CLAIM RESERVE												
9. Present value of amounts not yet due on claims .....												
10. Reserve for future contingent benefits .....												
11. Aggregate write-ins for other claim reserves .....												
12. Totals (gross) .....												
13. Reinsurance ceded .....												
14. Totals (Net) (Page 3, Line 7) .....												
DETAILS OF WRITE-INS												
0501 .....												
0502 .....												
0503 .....												
0598. Summary of remaining write-ins for Line 5 from overflow page .....												
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....												
1101 .....												
1102 .....												
1103 .....												
1198. Summary of remaining write-ins for Line 11 from overflow page .....												
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....												

(a) Includes \$..... premium deficiency reserve.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 3 - ANALYSIS OF EXPENSES**

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$..... for occupancy of own building) .....	474,772	1,861,100	1,911,167		4,247,039
2.	Salaries, wages and other benefits .....	7,198,340	28,217,426	28,976,535		64,392,301
3.	Commissions (less \$..... ceded plus \$..... assumed) .....					
4.	Legal fees and expenses .....	393,281	1,541,658	1,583,131		3,518,070
5.	Certifications and accreditation fees .....					
6.	Auditing, actuarial and other consulting services .....	330,687	1,296,289	1,331,161		2,958,137
7.	Traveling expenses .....	134,637	527,775	541,972		1,204,384
8.	Marketing and advertising .....					
9.	Postage, express and telephone .....	507,840	1,990,729	2,044,284		4,542,853
10.	Printing and office supplies .....	183,059	717,588	736,893		1,637,540
11.	Occupancy, depreciation and amortization .....	79,129	310,183	318,528		707,840
12.	Equipment .....	870,415	3,412,017	3,503,807		7,786,239
13.	Cost or depreciation of EDP equipment and software .....	582,245	2,282,394	2,343,795		5,208,434
14.	Outsourced services including EDP, claims, and other services .....	204,317	800,921	822,468		1,827,706
15.	Boards, bureaus and association fees .....	74,404	291,665	299,511		665,580
16.	Insurance, except on real estate .....	103,930	407,405	418,365		929,700
17.	Collection and bank service charges .....					
18.	Group service and administration fees .....					
19.	Reimbursements by uninsured accident and health plans .....	(11,672,687)	(45,738,429)	(78,634,182)		(136,045,298)
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....	226,757	888,884	912,797		2,028,438
22.	Real estate taxes .....	50,784	199,073	204,428		454,285
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....					
23.2	State premium taxes .....			32,042,054		32,042,054
23.3	Regulator authority licenses and fees .....	1,181	4,630	4,754		10,565
23.4	Payroll taxes .....	388,557	1,523,139	1,564,115		3,475,811
23.5	Other (excluding federal income and real estate taxes) .....	5,905	23,148	23,771		52,824
24.	Investment expenses not included elsewhere .....				825,180	825,180
25.	Aggregate write-ins for expenses .....					
26.	Total expenses incurred (Lines 1 to 25) .....	137,553	557,595	949,354	825,180	(a) 2,469,682
27.	Less expenses unpaid December 31, current year .....			587,386		587,386
28.	Add expenses unpaid December 31, prior year .....			506,143		506,143
29.	Amounts receivable relating to uninsured accident and health plans, prior year .....			7,391		7,391
30.	Amounts receivable relating to uninsured accident and health plans, current year .....			2,234,897		2,234,897
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ..	137,553	557,595	3,095,617	825,180	4,615,945
<b>DETAILS OF WRITE-INS</b>						
2501.	.....					
2502	.....					
2503	.....					
2598.	Summary of remaining write-ins for Line 25 from overflow page .....					
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above) .....					

(a) Includes management fees of \$.....105,969,108 to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a)..... 327,871	..... 428,045
1.1	Bonds exempt from U.S. tax .....	(a).....	.....
1.2	Other bonds (unaffiliated) .....	(a)..... 212,096	..... 300,337
1.3	Bonds of affiliates .....	(a).....	.....
2.1	Preferred stocks (unaffiliated) .....	(b).....	.....
2.11	Preferred stocks of affiliates .....	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c).....	.....
4.	Real estate .....	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e)..... 1,313,035	..... 1,267,367
7.	Derivative instruments .....	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 1,853,002	..... 1,995,749
11.	Investment expenses .....		(g)..... 825,180
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	Total deductions (Lines 11 through 15) .....		..... 825,180
17.	Net Investment income (Line 10 minus Line 16) .....		..... 1,170,569
DETAILS OF WRITE-INS			
0901	.....	.....	.....
0902	.....	.....	.....
0903	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.....1,735 accrual of discount less \$.....407,006 amortization of premium and less \$.....77,982 paid for accrued interest on purchases.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.			
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(d) Includes \$..... for company's occupancy of its own buildings; and excludes \$..... interest on encumbrances.			
(e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....	..... (26,167)	.....	.....	..... (26,167)
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	..... (26,167)	.....	.....	..... (26,167)
DETAILS OF WRITE-INS					
0901	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ...	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ...	.....	.....	.....	.....



**EXHIBIT OF NONADMITTED ASSETS**

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties occupied for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Other invested assets (Schedule BA) .....			
8.	Receivables for securities .....			
9.	Aggregate write-ins for invested assets .....			
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....			
11.	Title plants (for Title insurers only) .....			
12.	Invested income due and accrued .....			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection .....			
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
13.3	Accrued retrospective premiums .....			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers .....			
14.2	Funds held by or deposited with reinsured companies .....			
14.3	Other amounts receivable under reinsurance contracts .....			
15.	Amounts receivable relating to uninsured plans .....			
16.1	Current federal and foreign income tax recoverable and interest thereon .....			
16.2	Net deferred tax asset .....	338,465	374,079	35,614
17.	Guaranty funds receivable or on deposit .....			
18.	Electronic data processing equipment and software .....			
19.	Furniture and equipment, including health care delivery assets .....			
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
21.	Receivable from parent, subsidiaries and affiliates .....			
22.	Health care and other amounts receivable .....			
23.	Aggregate write-ins for other than invested assets .....			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	338,465	374,079	35,614
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
26.	Total (Lines 24 and 25) .....	338,465	374,079	35,614
DETAILS OF WRITE-INS				
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....			
2301	.....			
2302	.....			
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page .....			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....			

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	.....	.....	.....	.....	.....	.....
2.	Provider Service Organizations .....	.....	.....	.....	.....	.....	.....
3.	Preferred Provider Organizations .....	.....	.....	.....	.....	.....	.....
4.	Point of Service .....	.....	.....	.....	.....	.....	.....
5.	Indemnity Only .....	.....	.....	.....	.....	.....	.....
6.	Aggregate write-ins for other lines of business .....	.....	.....	.....	.....	.....	.....
7.	TOTAL .....	.....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS							
0601	.....	.....	.....	.....	.....	.....	.....
0602	.....	.....	.....	.....	.....	.....	.....
0603	.....	.....	.....	.....	.....	.....	.....
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	.....	.....	.....	.....	.....	.....
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	.....	.....	.....	.....	.....	.....

NONE

**EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID**

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
NONE						
0599999 Accident and health premiums due and unpaid (Page 2, Line 13) ...	.....	.....	.....	.....	.....	.....

**EXHIBIT 3 - HEALTH CARE RECEIVABLES**

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
NONE						
0799999 Gross health care receivables .....	.....	.....	.....	.....	.....	.....

**EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**  
Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
<div>NONE</div>						
0899999 Accrued Medical Incentive Pool and Bonus Amounts .....						.....

**EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES**

1  Name of Affiliate	2  1 - 30 Days	3  31 - 60 Days	4  61 - 90 Days	5  Over 90 Days	6  Nonadmitted	Admitted	
						7  Current	8  Non-Current
	<div>NONE</div>						
0399999 Total gross amounts receivable .....	.....	.....	.....	.....	.....	.....	.....

**EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES**

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
<b>Individually listed payables</b>				
BlueCross BlueShield of Tennessee, Inc. ....	ITS Claims & Miscellaneous .....	4,542,079	4,542,079	.....
0199999 Total - Individually listed payables .....	X X X .....	4,542,079	4,542,079	.....
0299999 Payables not individually listed .....	X X X .....			.....
0399999 Total gross payables .....	X X X .....	4,542,079	4,542,079	.....

## EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
		<div style="border: 1px solid black; padding: 10px; text-align: center;"> <b>N O N E</b> </div>			
9999999 .....			... X X X .....	... X X X .....	... X X X .....



**EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED**

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment .....	.....	.....	.....	.....	.....	.....
2.	Medical furniture, equipment and fixtures .....	<b>N O N E</b>		.....	.....	.....	.....
3.	Pharmaceuticals and surgical supplies .....			.....	.....	.....	.....
4.	Durable medical equipment .....			.....	.....	.....	.....
5.	Other property and equipment .....			.....	.....	.....	.....
6.	Total .....	.....	.....	.....	.....	.....	.....

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Volunteer State Health Plan, Inc. (VSHP) (the Company) are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (TDCI).

The TDCI, TennCare Division, recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Tennessee. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

In 2004 and 2005 VSHP accepted the risk for uninsured claims overpayments for which the Company has determined the State is not responsible. At the direction of the TDCI, TennCare Division, the Company recorded the uninsured claims overpayments as claims expense instead of reporting the net gain/(loss) in the general administrative expense line of the current and prior year column as required by NAIC SAP.

The Company, at the direction of the Commissioner of Insurance of the State of Tennessee, records premium and claims equivalents for the uninsured Exigency period (July 1, 2000 – June 30, 2001), instead of reporting the net gain/(loss) in the general administrative expense line of the current year column as required by NAIC SAP. If premium equivalents were not recorded, there would be no change in revenues and investment income and claims would be decreased \$15,630 YTD. The Exigency agreement with the State allowed VSHP to retain 1/3 of any gain and the State to receive 2/3 of any gain. The State covers any claims losses. A cash settlement of \$55,681,476 was made on December 20, 2002 for the 2/3 calculated gain settlement plus all December 2001 thru November 2002 activity. From 2003 through 2005, activity was settled monthly on a cash basis.

At the request of the TDCI, TennCare Division, VSHP no longer reports for ASOs the receivables and associated payables to the State of Tennessee for pharmacy rebates, investment interest income, and premium taxes. The rationale behind the exclusion is these assets have no economic benefit to VSHP.

The TDCI, TennCare Division, allows a prescribed practice of admitting the most current 90 days of Health Care Receivables (per Tennessee Code Annotated (TCA) §56-32-212 (a) 5D).

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Tennessee is shown below:

	<u>2005</u>	<u>2004</u>
(1) Net Income Tennessee state basis	\$ (596,280)	\$ (1,746,350)
(2) Tennessee Prescribed Practices (Income):		
Admission of Health Care Receivables	<u>0</u>	<u>0</u>
(3) Net Income, NAIC SAP	<u>\$ (596,280)</u>	<u>\$ (1,746,350)</u>
(4) Statutory Surplus, State of Tennessee	30,420,776	31,017,092
(5) Tennessee Prescribed Practices (Surplus):		
Admission of Health Care Receivables	<u>0</u>	<u>0</u>
(6) Statutory Surplus, NAIC SAP	<u>\$ 30,420,776</u>	<u>\$ 31,017,092</u>

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums reflect losses in excess of the \$33M loss limit for the contract period July 1, 2001 through June 30, 2002. These losses are underwritten by the State of Tennessee. Administrative fees are recorded based on remittance information from the State of Tennessee. Medical claims and related expenses (hospitalization and other outside medical services) reflect run-out expense incurred in periods prior to the current contractual ASO arrangement.

In accordance with Tennessee Code Annotated (TCA) §56-11-206(b) the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without

## Notes to Financial Statement

prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The Company may currently pay dividends of \$3,101,709 to the Parent based on the 2004 net worth. Any material dividend distributions require approval by the TDCI.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific amortization method.
- (3) The Company does not hold common stock.
- (4) The Company does not hold preferred stock.
- (5) The Company does not hold mortgage loans.
- (6) The Company does not hold loan-backed securities.
- (7) The Company does not hold investments in subsidiaries, controlled and affiliated companies.
- (8) The Company does not hold investments in joint ventures, partnerships or limited liability companies.
- (9) The Company does not carry derivatives.
- (10) The Company uses anticipated investment income as a factor in the premium deficiency calculation.
- (11) The Company has no estimated unpaid claims and claims adjustment expenses thus no liability has been established for this. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company does not have pharmacy rebates.

2. Accounting Changes and Corrections of Errors

- A. Disclosure of material changes in accounting principles and/or correction of errors.  
Not Applicable

3. Business Combinations and Goodwill

- A. Statutory Purchase Method  
Not Applicable
- B. Statutory Merger  
Not Applicable
- C. Assumption Reinsurance  
Not Applicable
- D. Impairment Loss  
Not Applicable

4. Discontinued Operations

Not Applicable

5. Investments

- A. Mortgage Loans  
Not Applicable

Notes to Financial Statement

- B.

Debt Restructuring

Not Applicable
- C.

Reverse Mortgages

Not Applicable
- D.

Loan-Backed Securities

Not Applicable
- E.

Repurchase Agreements

Not Applicable
- F.

Real Estate

Not Applicable
6.

Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable
7.

Investment Income

A.

No investment income due and accrued was excluded from surplus.

B.

The total amount excluded was \$0.
8.

Derivative Instruments

Not Applicable
9.

Income Taxes

A.

The components of the net deferred tax asset recognized in the Company’s Assets, Liabilities, Surplus, and Other Funds are as follows:

	December 31, 2005	December 31, 2004
(1) Total of gross deferred tax assets (admitted and nonadmitted)	\$ 338,465	\$ 374,079
(2) Total of deferred tax liabilities	0	0
(3) Net deferred tax assets	338,465	374,079
(4) Deferred tax assets nonadmitted	338,465	374,079
(5) Net admitted deferred tax assets	\$ 0	\$ 0
(6) Increase (decrease) in nonadmitted asset	\$ (35,614)	\$ (263,171)

- B.

Deferred tax liabilities are not recognized for the following amounts:

(1)

Policyholder Surplus – Not applicable

(2)

Foreign Subsidiaries – Not applicable
- C.

The provisions for incurred taxes on earnings for the periods ended December 31, 2005 and December 31, 2004 are:

	2005	2004
Federal	\$ (375,884)	\$ (1,345,220)
Foreign	0	0
	(375,884)	(1,345,220)
Federal income tax on capital gains	0	0
Utilization of capital loss carry-forwards	0	0
Federal and foreign income taxes incurred	\$ (375,884)	\$ (1,345,220)

Notes to Financial Statement

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Deferred tax assets:		
Loss reserve discounting	\$ 0	\$ 0
Receivables	338,465	374,079
Contingency	0	0
Total deferred tax assets	338,465	374,079
Nonadmitted deferred tax assets	(338,465)	(374,079)
Admitted deferred tax assets	0	0
Deferred tax liabilities:		
Other liabilities	0	
Total deferred tax liabilities	0	0
Net admitted deferred tax asset	\$ 0	\$ 0

The change in net deferred income taxes is comprised of the following:

	<u>December 31, 2005</u>	<u>December 31, 2004</u>	<u>Change</u>
Total deferred tax assets (admitted and non-admitted)	\$ 338,465	\$ 374,079	\$ (35,614)
Total deferred tax liabilities	0	0	0
Net deferred tax assets (deferred assets less liabilities)	\$ 338,465	\$ 374,079	(35,614)
Tax effect of non-admitted assets			(12)
Change in net deferred income tax			\$ (35,626)

- D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	<u>December 31, 2005</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ (340,258)	(35.0)%
Federal and foreign income taxes incurred	\$ (375,884)	(38.7)%
Change in net deferred income taxes	35,626	3.7
Total statutory income taxes without effects of deferred tax assets & liabilities	\$ (340,258)	(35.0)%

- E. The Company has no net capital loss carry-forwards.
- F. The Company’s federal income tax return is consolidated with the following entities:

BlueCross BlueShield of Tennessee, Inc.  
Golden Security Insurance Company  
Group Insurance Services, Inc.  
Southern Diversified Business Services, Inc.  
RiverTrust Solutions, Inc.  
Security Care, Inc.  
Riverbend Government Benefits Administrator, Inc.  
Shared Health, Inc.  
Gordian Health Solutions, Inc.  
Continental Health Promotion, Inc.  
Eris Survey Systems, Inc.

The method of tax allocation between members of the affiliated group is subject to written agreement, approved by the Board of Directors. Allocation is based upon a percentage calculation. Intercompany tax balances are settled monthly.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Company is a wholly owned subsidiary of BlueCross BlueShield of Tennessee, Inc. (The Parent).

The Parent owns 100% of Southern Diversified Business Services, Inc. (**SDBS**), GDRG, LLC (**GDRG**), and owns a 50% interest in Capstone Government Solutions, LLC. **GDRG**, formed in 2004, is a limited liability company whose primary purpose is to acquire, own, hold, maintain, operate, and develop real property.

Capstone Government Solutions, LLC (**CGS**) was incorporated in 2004 as a joint venture between the Parent and the Connecticut General Life Insurance Company, Inc., Medicare Administration (Cigna) for the purpose of bidding on and administering future Medicare fee-for-service contracts.

## Notes to Financial Statement

The Parent has transferred \$500,000 to Capstone as of December 31, 2005 (Four transfers of \$125,000 each in February, April, July and October 2005).

The Parent created Tennessee Health Foundation, Inc. (**THF**) in 2003. **THF** is a public benefit corporation that promotes charitable activities. The Parent appoints the board of directors of **THF**, which has been granted a 501(c)(3)-tax exemption by the Internal Revenue Service. The Parent transferred \$23,300,000 to **THF** in March 2005, \$11,400,000 in 2004, and \$50,000 in 2003.

The Parent previously owned 100% of Tennessee Health Care Network, Inc. (**THCN**), which was reported in the 2003 Annual Statement as having discontinued operations. **THCN** officially dissolved in 2004 and terminated its license with the State of Tennessee.

**SDBS** owns 100% of the following for-profit corporations: Golden Security Insurance Company (**GSI**), Group Insurance Services, Inc. (**GIS**), Shared Health, Inc. (**SH**), and Gordian Health Solutions, Inc. (**GHS**). **GSI**, an inactive corporation, is licensed to provide health, term life, disability and other insurance coverage to its policyholders. **GIS** is an insurance broker. **SH** is a health information technology company. **GHS**, in conjunction with its wholly owned subsidiaries, Continental Health Promotions, Inc. (**CHP**) and Eris Survey Systems, Inc. (**ESS**), mitigates the rising cost of health care by encouraging the formation of healthy lifestyle behaviors and providing case management for existing illnesses. **SDBS** also owns a 10% interest in USable Life, Inc. (**USable**). During 2005, **SDBS** transferred \$4,000,000 to **SH** and \$33,747,874 to **GHS**.

Southern Health Plan, Inc. (**SHP**), doing business as BlueCross BlueShield of Tennessee Community Trust, was created for the purpose of improving the quality of health care in Tennessee, primarily through contributions to other tax-exempt organizations. **SDBS** appoints the board of directors of **SHP**, which has been granted a 501(c)(4) tax exemption by the Internal Revenue Service.

Also owned by **SDBS**, but not yet capitalized and therefore not included on Schedule Y, are Security Care, Inc. (**SCI**), RiverTrust Solutions, Inc. (**RTS**) and Riverbend Government Benefits Administrator, Inc. (**RGBA**). **SCI** was incorporated in 2004 as a wholly owned subsidiary of **SDBS** to bid on an RFP to manage Medicare’s Chronic Care Improvement Program (**CCIP**). **RTS** was established in 2003 as a wholly owned subsidiary of **SDBS** in order to create an entity that could become a Qualified Independent Contractor (**QIC**) for the purpose of bidding on future Medicare appeals workloads. **RGBA** was incorporated in 2002 to perform services as a Medicare Administrative Contractor or subcontractor for the Centers for Medicare and Medicaid Services’ (**CMS**) pursuant to the Medicare Modernization Act of 2003.

In 2003, **SDBS** made a cash purchase of \$4,500,000 for 4,500,000 shares of preferred stock of HA Holdings, Inc., a specialty mail order pharmacy for Medicaid subscribers in Illinois, Texas, Mississippi and Florida. In 2004, **SDBS** invested an additional \$1,430,240 in HA Holdings, Inc. By December 31, 2004, **SDBS** had relinquished all shares of HA Holdings, Inc.

- B. The Company has an administrative service agreement with the Parent, which delegates the performance of administrative services to the Parent in exchange for a fee. A tax sharing agreement also exists and is allocated on a percentage calculation. These amounts are booked and settled on a monthly basis.
- C. The Company paid \$109,481,915 and \$112,348,581 in 2005 and 2004 to the Parent for services performed under the administrative services agreement.
- D. At December 31, 2005, the Company reported \$4,542,079 as amounts due to the Parent. At December 31, 2004, the Company reported \$320,182 as amounts due to the Parent. These intercompany payables and receivables are typically settled monthly. However, a balance may be carried over from month to month based on the cash flow needs of the various entities.
- E. Guarantees or undertakings for the benefit of an affiliate  
  
Not Applicable
- F. The Company has an administrative services contract with the Parent, under which the Parent receives a fee to provide all administrative services.
- G. All outstanding shares of the Company are owned by the Parent, BlueCross BlueShield of Tennessee, Inc., an insurance holding company domiciled in the State of Tennessee.
- H. Amount deducted from the value of an upstream intermediate entity  
  
Not Applicable
- I. Investment in SCA in excess of 10% of admitted assets  
  
Not Applicable

**Notes to Financial Statement**

- J.

Investment in impaired SCA entity

Not Applicable
- K.

Investment in a foreign insurance subsidiary

Not Applicable
11.

Debt

Not Applicable
12.

Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company has no employees. All personnel services are provided by employees of the Parent through an administrative service agreement. The Parent pays all compensation and funds benefit and retirement plans. All disclosures of retirement plans are included in the Parent’s annual statement.

A.

Defined Benefit Plan

Not Applicable

B.

Defined Contribution Plan

Not Applicable

C.

Multiemployer Plans:

Not Applicable

D.

Consolidated/Holding Company Plans

Not Applicable

E.

Postemployment Benefits and Compensated Absences

Not Applicable

13.

Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations.

(1)

The Company has 1,000 shares authorized, 1,000 shares issued and outstanding of common stock. Par or stated value is \$100 per share.

(2)

The Company has no preferred stock outstanding.

(3)

In accordance with Tennessee Code Annotated (TCA) §56-11-206(b) the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The company may currently pay dividends of \$3,101,709 to the Parent based on the 2004 net worth.

(4)

Within the limitations of (3) above, there are no other restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

(5)

The State of Tennessee requires the Company to hold a statutory deposit. The Company’s statutory deposit equaled \$26,903,259 at 12/31/05.

(6)

For mutuals, total amount of advances to surplus not repaid

Not Applicable

(7)

Total stock held for special purposes

Not Applicable

(8)

Description of changes in any special surplus fund

Not Applicable
- 25.5

**Notes to Financial Statement**

- (9)

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a.

unrealized gains and losses:

Not Applicable

b.

nonadmitted asset values:

\$ 338,465

c.

separate account business

Not Applicable

d.

asset valuation

Not Applicable

e.

provision for reinsurance:

Not Applicable
- (10)

The Company issued no surplus debentures or similar obligations.
- (11)

Impact of the restatement in a quasi-reorganization

Not Applicable
- (12)

Effective date of a quasi-reorganization

Not Applicable
14.

Contingencies

A.

Contingent Commitments

Not Applicable

B.

Assessments

Not Applicable

C.

Gain Contingencies

Not Applicable

D.

All Other Contingencies

Various lawsuits against the Company have arisen in the course of the Company’s business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.
15.

Leases

A.

Disclosures related to lessee leasing arrangements

Not Applicable

B.

Disclosures related to lessor leasing arrangements

Not Applicable
16.

Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

(1)

The Company has no financial instruments with off-balance sheet risk.

(2)

The Company does not use swaps, futures or options.

(3)

The Company has no financial instruments with off-balance sheet risk, and no counterparty exposure.

(4)

The Company has no financial instruments subject to credit risk and therefore is not required to post collateral.
17.

Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A.

Transfers of Receivables Reported as Sales

Not Applicable

B.

Transfer and Servicing of Financial Assets

Not Applicable



Notes to Financial Statement

C. Wash Sales  
Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

TennCare<sup>SM</sup> Select, effective July 1, 2001, and the Stabilization Plan, effective July 1, 2002, are ASO arrangements with the State. The administrative fees received are equivalent to the expenses recorded. Per an Administrative Service Agreement, these expenses are paid to the Parent, who records any gain or (loss) on their books. TennCare<sup>SM</sup> Select is reported on the supplemental income statement (Report #2A, p. 5.2). The Stabilization Plan is reported on the supplemental income statement (Report #2A, p. 5.3). Cash and invested assets related to TennCare<sup>SM</sup> Select and the Stabilization Plan are reported in their appropriate categories on the balance sheet. Other assets related to TennCare<sup>SM</sup> Select and the Stabilization Plan are netted on p. 2, line 15, with the exception of those assets deemed to have no economic benefit to VSHP. Liabilities for the ASO plans are netted on page 3, line 20 in the category labeled “Liability for amounts held under uninsured accident and health plans”, excluding any ‘due to/from’ transactions occurring between the ASO, insured business, and the Parent.

The loss from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 2005:

	(1)	(2)	(3)
	ASO	Uninsured	
	Uninsured	Portion of	Total
	<u>Plans</u>	<u>Plans</u>	<u>ASO</u>
a. Net reimbursement for Administrative Expenses (including Administrative Fees) in excess of actual expenses	(\$39,592)	0	(\$39,592)
b. Total Net Other Income or Expenses (including interest paid to or received from plans)	<u>(690,961)</u>	<u>0</u>	<u>(690,961)</u>
c. Net Gain or (Loss) from operations	<u>(\$730,553)</u>	<u>0</u>	<u>(\$730,553)</u>
d. Total Claims Payment Volume	\$1,466,933,375		\$1,466,933,375

B. ASC Plans

The Company operated under an Exigency agreement with the State for the period July 1, 2000 through June 30, 2001. At the direction of the TDCI, premium and claims equivalents are disseminated throughout the NAIC filing.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:  
Not Applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.  
Not Applicable

20. September 11 Events  
The Company has not incurred material losses as a result of the September 11 events.

21. Other Items

A. Extraordinary Items  
Not Applicable

B. Troubled Debt Restructuring  
Not Applicable

**Notes to Financial Statement**

- C.

Other Disclosures

Assets in the amount of \$26,903,259 and \$7,400,000 at December 31, 2005 and 2004, respectively, were on deposit with government authorities or trustees as required by law.

The Company elected to use rounding in reporting amounts in the statement.
- D.

Uncollectible premium balances

Not Applicable
- E.

Business Interruption Insurance Recoveries

Not Applicable
- F.

Pension and Post Retirement

Not Applicable
22.

Events Subsequent

Not Applicable
23.

Reinsurance

A.

Ceded Reinsurance Report

Not Applicable

B.

Uncollectible Reinsurance

Not Applicable

C.

Commutation of Ceded Reinsurance

Not Applicable

24.

Retrospectively Rated Contracts and Contracts Subject to Redetermination

A.

The Company does not accrue retrospective premium adjustments.

B.

No premiums are subject to retrospective rating.

25.

Change in Incurred Claims and Claim Adjustment Expenses

Incurred claims for 2004 and prior totaled \$287,047. This amount included additional payments to providers offset by credits.

26.

Intercompany Pooling Arrangements

Not Applicable

27.

Structured Settlements

Not Applicable

28.

Health Care Receivables

A.

Pharmaceutical Rebate Receivables

Not Applicable

B.

Risk Sharing Receivables

Not Applicable

29.

Participating Policies

Not Applicable

**Notes to Financial Statement**

30.

Premium Deficiency Reserve

As of December 31, 2005, the Company had liabilities of \$0 related to premium deficiency reserves.
31.

Anticipated Salvage and Subrogation

Not Applicable

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities .....				
1.2	U.S. government agency obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies .....	16,460,971	42.830	16,460,971	42.830
1.22	Issued by U.S. government sponsored agencies .....				
1.3	Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations .....				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43	Revenue and assessment obligations .....				
1.44	Industrial development and similar obligations .....				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA .....				
1.512	Issued or Guaranteed by FNMA and FHLMC .....				
1.513	All other .....				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....				
1.523	All other .....				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....	12,708,469	33.067	12,708,469	33.067
2.2	Unaffiliated foreign securities .....				
2.3	Affiliated securities .....				
3.	Equity interests:				
3.1	Investments in mutual funds .....				
3.2	Preferred stocks:				
3.21	Affiliated .....				
3.22	Unaffiliated .....				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated .....				
3.32	Unaffiliated .....				
3.4	Other equity securities:				
3.41	Affiliated .....				
3.42	Unaffiliated .....				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated .....				
3.52	Unaffiliated .....				
4.	Mortgage loans:				
4.1	Construction and land development .....				
4.2	Agricultural .....				
4.3	Single family residential properties .....				
4.4	Multifamily residential properties .....				
4.5	Commercial loans .....				
4.6	Mezzanine real estate loans .....				
5.	Real estate investments:				
5.1	Property occupied by company .....				
5.2	Property held for production of income (including \$..... of property acquired in satisfaction of debt) .....				
5.3	Property held for sale (including \$..... property acquired in satisfaction of debt) .....				
6.	Contract loans .....				
7.	Receivables for securities .....				
8.	Cash, cash equivalents and short-term investments .....	9,263,410	24.103	9,263,410	24.103
9.	Other invested assets .....				
10.	Total invested assets .....	38,432,850	100.000	38,432,850	100.000

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Tennessee
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2004
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

09/08/2005
- 3.4 By what department or departments?  
Tennessee Department of Commerce and Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young - Republic Centre, Suite 1500 - 633 Chestnut Street - Chattanooga, TN 37450
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
David B. Trindle, FSA, MAAA - Independent Consulting Actuary - 107 Old Mill Road - New Hope, PA 18938
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value

\$
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
N/A
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[X] No[ ] N/A[ ]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]

**GENERAL INTERROGATORIES (Continued)**

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]

**BOARD OF DIRECTORS**

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[ ]

14. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]

15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[ ]

**FINANCIAL**

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers\$ .....

16.12 To stockholders not officers\$ .....

16.13 Trustees, supreme or grand (Fraternal only)\$ .....

16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers\$ .....

16.22 To stockholders not officers\$ .....

16.23 Trustees, supreme or grand (Fraternal only)\$ .....

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]

17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others\$ .....

17.22 Borrowed from others\$ .....

17.23 Leased from others\$ .....

17.24 Other\$ .....

18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]

18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment\$ .....

18.22 Amount paid as expenses\$ .....

18.23 Other amounts paid\$ .....

19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[ ] No[X]

19.2 If yes, indicate any amounts receivable from parent included in the page 2 amount:

\$ .....

**INVESTMENT**

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[ ] No[X]

20.2 If no, give full and complete information, relating thereto:

Regions Morgan Keegan Trust

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1).

Yes[ ] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others\$ .....

21.22 Subject to repurchase agreements\$ .....

21.23 Subject to reverse repurchase agreements\$ .....

21.24 Subject to dollar repurchase agreements\$ .....

21.25 Subject to reverse dollar repurchase agreements\$ .....

21.26 Pledged as collateral\$ .....

21.27 Placed under option agreements\$ .....

21.28 Letter stock or securities restricted as to sale\$ .....

21.29 Other\$ .....

21.3 For category (21.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....	.....	.....

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[ ] N/A[X]

If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]

23.2 If yes, state the amount thereof at December 31 of the current year.

\$ .....

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[ ]

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
Regions Morgan Keegan Trust .....	1100 Ridgeway Loop, Ste 100, Memphis, TN 38120 .....

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....	.....	.....

**GENERAL INTERROGATORIES (Continued)**

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

24.04 If yes, give full and complete information relating thereto:

Yes☒ No☐

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Union Planters Bank, N.A. ....	Regions Morgan Keegan Trust .....	04/22/2005 .	Bank Merger .....

24.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
4161 .....	Regions Morgan Keegan Trust .....	1100 Ridgeway Loop, Ste 100, Memphis, TN 38120 .....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

25.2 If yes, complete the following schedule:

Yes☐ No☒

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999 Total .....		.....

25.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation
.....	.....	.....	.....

26. Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1  Statement (Admitted) Value	2  Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds .....	..... 56,980,509	..... 56,531,777	..... (448,732)
26.2 Preferred stocks .....			
26.3 Totals .....	..... 56,980,509	..... 56,531,777	..... (448,732)

26.4 Describe the sources of methods utilized in determining the fair values  
Fair values were obtained from the NAIC. If not available, then fair values were obtained from the custodian - Regions Morgan Keegan Trust.

27.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

27.2 If no, list exceptions:

Yes☒ No☐

**OTHER**

28.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$ .....

1 Name	2 Amount Paid
.....	.....

29.1 Amount of payments for legal expenses, if any?

29.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$ .....

1 Name	2 Amount Paid
.....	.....

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

30.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

\$ .....

**GENERAL INTERROGATORIES (Continued)**

1 Name	2 Amount Paid
.....	.....



**GENERAL INTERROGATORIES (Continued)**

**PART 2 - HEALTH INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ .....
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ .....
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned

\$ .....
- 1.62 Total incurred claims

\$ .....
- 1.63 Number of covered lives

\$ .....
- All years prior to most current three years:
- 1.64 Total premium earned

\$ .....
- 1.65 Total incurred claims

\$ .....
- 1.66 Number of covered lives

\$ .....
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned

\$ .....
- 1.72 Total incurred claims

\$ .....
- 1.73 Number of covered lives

\$ .....
- All years prior to most current three years:
- 1.74 Total premium earned

\$ .....
- 1.75 Total incurred claims

\$ .....
- 1.76 Number of covered lives

\$ .....

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	..... (185,017)	..... 1,048,821
2.2	Premium Denominator .....	..... (185,017)	..... 1,048,821
2.3	Premium Ratio (2.1 / 2.2) .....	..... 1.000	..... 1.000
2.4	Reserve Numerator .....	.....	.....
2.5	Reserve Denominator .....	.....	.....
2.6	Reserve Ratio (2.4 / 2.5) .....	.....	.....

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[ ]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[ ] No[X]
- 5.2 If no, explain:

For the period July 2001 - June 2002, the Company is only at risk for a maximum of \$33M. Effective July 2002, the Company entered into a non-risk bearing arrangement with the State of Tennessee. The Company reached the \$33M loss limit in 2002.
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical

\$ .....
- 5.32 Medical Only

\$ .....
- 5.33 Medicare Supplement

\$ .....
- 5.34 Dental

\$ .....
- 5.35 Other Limited Benefit Plan

\$ .....
- 5.36 Other

\$ .....
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

If insolvency occurs, BCBST satisfies claims for the covered period. All agreements with providers include statutory hold harmless provisions. Other MCOs in the State would be required to take enrollees.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[ ]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

..... 13,344
- 8.2 Number of providers at end of reporting year

..... 14,025
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

..... 0
- 9.22 Business with rate guarantees over 36 months

..... 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[ ]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses

\$ .....
- 10.22 Amount actually paid for year bonuses

\$ .....
- 10.23 Maximum amount payable withholds

\$ .....
- 10.24 Amount actually paid for year withholds

\$ .....
- 11.1 Is the reporting entity organized as:
- 11.12 A medical Group/Staff Model,

Yes[ ] No[X]
- 11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]
- 11.14 A Mixed Model (combination of above)?

Yes[ ] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[ ]
- 11.3 If yes, show the name of the state requiring such net worth.

Tennessee
- 11.4 If yes, show the amount required.

\$ ..... 26,903,259
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[X] No[ ]
- 11.6 If the amount is calculated, show the calculation.

4% times the first \$150M in dollars received plus 1.5% for any dollars received over the first \$150M
12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
First Tennessee CSA, TN .....
Southeast CSA, TN .....
Upper Cumberland CSA, TN .....
Hamilton County CSA, TN .....
Mid-Cumberland CSA, TN .....

**GENERAL INTERROGATORIES (Continued)**

1
Name of Service Area
South Central CSA, TN .....
Davidson County CSA, TN .....
Northwest CSA, TN .....
Southwest CSA, TN .....
Shelby County CSA, TN .....
East Tennessee CSA, TN .....
Knox County CSA, TN .....

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	41,099,031	37,254,193	42,391,482	54,419,629	220,291,361
2. Total liabilities (Page 3, Line 22) .....	10,678,255	6,237,101	9,628,677	19,746,492	155,595,505
3. Statutory surplus .....	26,903,259	22,214,872	20,347,984	16,673,233	19,844,344
4. Total capital and surplus (Page 3, Line 31) .....	30,420,776	31,017,092	32,762,805	34,673,137	64,695,856
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 8) .....	(185,017)	1,048,821	(3,418,182)	290,620,958	847,690,612
6. Total medical and hospital expenses (Line 18) .....	287,047	2,372,541	(3,950,913)	283,587,061	747,928,062
7. Claims adjustment expenses (Line 20) .....	695,148	1,266,410	1,025,190	16,846,910	50,179,115
8. Total administrative expenses (Line 21) .....	949,354	1,145,074	838,791	13,783,835	41,055,640
9. Net underwriting gain (loss) (Line 24) .....	(2,116,566)	(3,735,204)	(1,331,250)	(23,596,848)	8,527,795
10. Net investment gain (loss) (Line 27) .....	1,144,402	643,634	501,165	2,733,376	12,453,462
11. Total other income (Lines 28 plus 29) .....					
12. Net income or (loss) (Line 32) .....	(596,280)	(1,746,350)	(250,577)	(12,466,504)	16,569,101
<b>RISK-BASED CAPITAL ANALYSIS</b>					
13. Total adjusted capital .....	30,420,776	31,017,092	32,762,805	34,673,137	64,695,856
14. Authorized control level risk-based capital .....	1,598,944	2,026,136	1,232,559	10,342,692	9,875,529
<b>ENROLLMENT (Exhibit 1)</b>					
15. Total members at end of period (Column 5, Line 7) .....					288,358
16. Total members months (Column 6, Line 7) .....			(111)	1,727,303	5,346,473
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5)x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus Line 19) ..	(155)	226	116	98	87
19. Cost containment expenses .....	(74)	25	X X X	X X X	X X X
20. Other claims adjustment expenses .....	(301)	96			
21. Total underwriting deductions (Line 23) .....	(1,044)	456	61	108	97
22. Total underwriting gain (loss) (Line 24) .....	1,144	(356)	39	(8)	1
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Column 5) .....	287,047	1,909,105	(2,394,528)	86,345,600	162,150,890
24. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....			1,556,385	97,761,847	165,006,020
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1) .....					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) .....					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2) .....					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11) .....					
29. Affiliated mortgage loans on real estate .....					
30. All other affiliated .....					
31. Total of above Lines 25 to 30 .....					



**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)**

REPORT FOR: 1. CORPORATION: Volunteer State Health Plan, Inc.      2. DIVISION:  
BUSINESS IN THE STATE OF **TENNESSEE** DURING THE YEAR

NAIC Group Code 0000

NAIC Company Code 00000

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
<b>Total Members at end of:</b>													
1. Prior Year .....													
2. First Quarter .....													
3. Second Quarter .....													
4. Third Quarter .....													
5. Current Year .....													
6. Current Year Member Months .....													
<b>Total Member Ambulatory Encounters for Year:</b>													
7. Physician .....	(125)								(125)				
8. Non-Physician .....	(207)								(207)				
9. Total .....	(332)								(332)				
10. Hospital Patient Days Incurred .....	(22)								(22)				
11. Number of Inpatient Admissions .....	(4)								(4)				
12. Health Premiums Written .....	(185,017)								(185,017)				
13. Life Premiums Direct .....													
14. Property/Casualty Premiums Written .....													
15. Health Premiums Earned .....	(185,017)								(185,017)				
16. Property/Casualty Premiums Earned .....													
17. Amount Paid for Provision of Health Care Services .....	287,047								287,047				
18. Amount Incurred for Provision of Health Care Services .....	287,047								287,047				

(a) For health business: number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....



**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)**

NAIC Group Code 0000		REPORT FOR: 1. CORPORATION:      2. DIVISION: BUSINESS IN THE STATE OF <b>GRAND TOTAL</b> DURING THE YEAR											NAIC Company Code 00000
	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3				Federal Employees Health Benefit Plan						
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only		Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
<b>Total Members at end of:</b>													
1. Prior Year .....													
2. First Quarter .....													
3. Second Quarter .....													
4. Third Quarter .....													
5. Current Year .....													
6. Current Year Member Months .....													
<b>Total Member Ambulatory Encounters for Year:</b>													
7. Physician .....	(125)								(125)				
8. Non-Physician .....	(207)								(207)				
9. Total .....	(332)								(332)				
10. Hospital Patient Days Incurred .....	(22)								(22)				
11. Number of Inpatient Admissions .....	(4)								(4)				
12. Health Premiums Written .....	(185,017)								(185,017)				
13. Life Premiums Direct .....													
14. Property/Casualty Premiums Written .....													
15. Health Premiums Earned .....	(185,017)								(185,017)				
16. Property/Casualty Premiums Earned .....													
17. Amount Paid for Provision of Health Care Services .....	287,047								287,047				
18. Amount Incurred for Provision of Health Care Services .....	287,047								287,047				

30 Grand Total

(a) For health business: number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....

**SCHEDULE A - VERIFICATION BETWEEN YEARS**  
**Real Estate**

1.	Book/adjusted carrying value, December 31, prior year (prior year statement) .....	
2.	Increase (decrease) by adjustment:	
2.1	Totals, Part 1, Column 11 .....	
2.2	Totals, Part 3, Column 7 .....	
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9)) .....	
4.	Cost of additions and permanent improvements:	
4.1	Totals, Part 1, Column 14 .....	
4.2	Totals, Part 3, Column 9 .....	
5.	Total profit (loss) on sales, Part 3, Column 14 .....	
6.	Increase (decrease) by foreign exchange adjustment .....	
6.1	Totals, Part 1, Column 12 .....	
6.2	Totals, Part 3, Column 8 .....	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 13 .....	
8.	Book/adjusted carrying value at the end of current period .....	
9.	Total valuation allowance .....	
10.	Subtotal (Lines 8 plus 9) .....	
11.	Total nonadmitted amounts .....	
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column) .....	

**SCHEDULE B - VERIFICATION BETWEEN YEARS**  
**Mortgage Loans**

1.	Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year .....	
2.	Amount loaned during year:	
2.1	Actual cost at time of acquisitions .....	
2.2	Additional investment made after acquisitions .....	
3.	Accrual of discount and mortgage interest points and commitment fees .....	
4.	Increase (decrease) by adjustment .....	
5.	Total profit (loss) on sale .....	
6.	Amounts paid on account or in full during the year .....	
7.	Amortization of premium .....	
8.	Increase (decrease) by foreign exchange adjustment .....	
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	
10.	Total valuation allowance .....	
11.	Subtotal (Lines 9 plus 10) .....	
12.	Total nonadmitted amounts .....	
13.	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column) .....	

**SCHEDULE BA - VERIFICATION BETWEEN YEARS**  
**Long-Term Invested Assets**

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....	
2.	Cost of acquisitions during year:	
2.1	Actual cost at time of acquisitions .....	
2.2	Additional investment made after acquisitions .....	
3.	Accrual of discount .....	
4.	Increase (decrease) by adjustment .....	
5.	Total profit (loss) on sale .....	
6.	Amounts paid on account or in full during the year .....	
7.	Amortization of premium .....	
8.	Increase (decrease) by foreign exchange adjustment .....	
9.	Book/adjusted carrying value of long-term invested assets at end of current period .....	
10.	Total valuation allowance .....	
11.	Subtotal (Lines 9 plus 10) .....	
12.	Total nonadmitted amounts .....	
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3) .....	

**SCHEDULE D - SUMMARY BY COUNTRY**  
**Long-Term Bonds and Stocks OWNED December 31 of Current Year**

Description			1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States .....	16,460,971	16,157,069	16,606,617	16,400,000
	2.	Canada .....				
	3.	Other Countries .....				
	4.	Totals .....	16,460,971	16,157,069	16,606,617	16,400,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States .....				
	6.	Canada .....				
	7.	Other Countries .....				
	8.	Totals .....				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States .....				
	10.	Canada .....				
	11.	Other Countries .....				
	12.	Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States .....				
	14.	Canada .....				
	15.	Other Countries .....				
	16.	Totals .....				
Public Utilities (unaffiliated)	17.	United States .....				
	18.	Canada .....				
	19.	Other Countries .....				
	20.	Totals .....				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States .....	12,708,469	12,563,640	12,775,260	12,000,000
	22.	Canada .....				
	23.	Other Countries .....				
	24.	Totals .....	12,708,469	12,563,640	12,775,260	12,000,000
Parent, Subsidiaries and Affiliates	25.	Totals .....				
	26.	Total Bonds .....	29,169,440	28,720,709	29,381,877	28,400,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States .....				
	28.	Canada .....				
	29.	Other Countries .....				
	30.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States .....				
	32.	Canada .....				
	33.	Other Countries .....				
	34.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	35.	United States .....				
	36.	Canada .....				
	37.	Other Countries .....				
	38.	Totals .....				
Parent, Subsidiaries and Affiliates	39.	Totals .....				
	40.	Total Preferred Stocks .....				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States .....				
	42.	Canada .....				
	43.	Other Countries .....				
	44.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States .....				
	46.	Canada .....				
	47.	Other Countries .....				
	48.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	49.	United States .....				
	50.	Canada .....				
	51.	Other Countries .....				
	52.	Totals .....				
Parent, Subsidiaries and Affiliates	53.	Totals .....				
	54.	Total Common Stocks .....				
	55.	Total Stocks .....				
	56.	Total Bonds and Stocks .....	29,169,440	28,720,709	29,381,877	

**SCHEDULE D - Verification Between Years**  
**Bonds and Stocks**

1. Book/adjusted carrying value of bonds and stocks, prior year..	<u>26,654,103</u>	7. Amortization of premium .....	<u>407,006</u>
2. Cost of bonds and stocks acquired, Column 7, Part 3. ....	<u>23,791,775</u>	8. Foreign Exchange Adjustment:	
3. Accrual of discount .....	<u>1,735</u>	8.1 Column 15, Part 1.....	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	
4.1 Columns 12 - 14, Part 1.....		8.3 Column 16, Part 2, Section 2.....	
4.2 Column 15 - 17, Part 2, Section 1.....		8.4 Column 15, Part 4.....	
4.3 Column 15, Part 2, Section 2.....			
4.4 Column 11 - 13, Part 4.....		9. Book/adjusted carrying value at end of current period .....	<u>29,169,440</u>
5. Total gain (loss), Column 19, Part 4.....	<u>(26,167)</u>	10. Total valuation allowance.....	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10).....	<u>29,169,440</u>
Column 7, Part 4.....	<u>20,845,000</u>	12. Total nonadmitted assets.....	
		13. Statement value of bonds and stocks, current period.....	<u>29,169,440</u>

**SCHEDULE D - PART 1A - SECTION 1**

**Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations**

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Class 1	29,029,425	15,242,615				44,272,040	77.70	64,718,643	85.38	44,272,040	
1.2	Class 2											
1.3	Class 3											
1.4	Class 4											
1.5	Class 5											
1.6	Class 6											
1.7	TOTALS	29,029,425	15,242,615				44,272,040	77.70	64,718,643	85.38	44,272,040	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Class 1											
2.2	Class 2											
2.3	Class 3											
2.4	Class 4											
2.5	Class 5											
2.6	Class 6											
2.7	TOTALS											
3.	States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1	Class 1											
3.2	Class 2											
3.3	Class 3											
3.4	Class 4											
3.5	Class 5											
3.6	Class 6											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Class 1											
4.2	Class 2											
4.3	Class 3											
4.4	Class 4											
4.5	Class 5											
4.6	Class 6											
4.7	TOTALS											
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1	Class 1											
5.2	Class 2											
5.3	Class 3											
5.4	Class 4											
5.5	Class 5											
5.6	Class 6											
5.7	TOTALS											



**SCHEDULE D - PART 1A - SECTION 1 (Continued)**

**Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations**

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6.	Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1	Class 1								1,001,292	1.32		
6.2	Class 2											
6.3	Class 3											
6.4	Class 4											
6.5	Class 5											
6.6	Class 6											
6.7	TOTALS								1,001,292	1.32		
7.	Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1	Class 1		12,708,469				12,708,469	22.30	10,081,576	13.30	12,708,469	
7.2	Class 2											
7.3	Class 3											
7.4	Class 4											
7.5	Class 5											
7.6	Class 6											
7.7	TOTALS		12,708,469				12,708,469	22.30	10,081,576	13.30	12,708,469	
8.	Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1	Class 1											
8.2	Class 2											
8.3	Class 3											
8.4	Class 4											
8.5	Class 5											
8.6	Class 6											
8.7	TOTALS											
9.	Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1	Class 1											
9.2	Class 2											
9.3	Class 3											
9.4	Class 4											
9.5	Class 5											
9.6	Class 6											
9.7	TOTALS											

**SCHEDULE D - PART 1A - SECTION 1 (Continued)**

**Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations**

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1	Class 1	29,029,425	27,951,084				56,980,509	100.00	X X X	X X X	56,980,509	
10.2	Class 2								X X X	X X X		
10.3	Class 3								X X X	X X X		
10.4	Class 4								X X X	X X X		
10.5	Class 5						(c)		X X X	X X X		
10.6	Class 6						(c)		X X X	X X X		
10.7	TOTALS	29,029,425	27,951,084				(b) 56,980,509	100.00	X X X	X X X	56,980,509	
10.8	Line 10.7 as a % of Column 6	50.95	49.05				100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year												
11.1	Class 1	68,285,845	7,515,666				X X X	X X X	75,801,511	100.00	75,801,511	
11.2	Class 2						X X X	X X X				
11.3	Class 3						X X X	X X X				
11.4	Class 4						X X X	X X X				
11.5	Class 5						X X X	X X X	(c)			
11.6	Class 6						X X X	X X X	(c)			
11.7	TOTALS	68,285,845	7,515,666				X X X	X X X	(b) 75,801,511	100.00	75,801,511	
11.8	Line 11.7 as a % of Col. 8	90.09	9.91				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds												
12.1	Class 1	29,029,425	27,951,084				56,980,509	100.00	75,801,511	100.00	56,980,509	X X X
12.2	Class 2											X X X
12.3	Class 3											X X X
12.4	Class 4											X X X
12.5	Class 5											X X X
12.6	Class 6											X X X
12.7	TOTALS	29,029,425	27,951,084				56,980,509	100.00	75,801,511	100.00	56,980,509	X X X
12.8	Line 12.7 as a % of Col. 6	50.95	49.05				100.00	X X X	X X X	X X X	100.00	X X X
12.9	Line 12.7 as a % of Line 10.7, Col. 6, Section 10	50.95	49.05				100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds												
13.1	Class 1										X X X	
13.2	Class 2										X X X	
13.3	Class 3										X X X	
13.4	Class 4										X X X	
13.5	Class 5										X X X	
13.6	Class 6										X X X	
13.7	TOTALS										X X X	
13.8	Line 13.7 as a % of Col. 6							X X X	X X X	X X X	X X X	
13.9	Line 13.7 as a % of Line 10.7, Col. 6, Section 10							X X X	X X X	X X X	X X X	

(a) Includes \$..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.  
(b) Includes \$..... current year, \$..... prior year of bonds with Z designations and \$..... current year, \$..... prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.  
(c) Includes \$..... current year, \$..... prior year of bonds with 5\* designations and \$..... current year, \$..... prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

**SCHEDULE D - PART 1A - SECTION 2**

**Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues**

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Issuer Obligations .....	29,029,425	15,242,615				44,272,040	77.70	64,718,643	85.38	44,272,040	
1.2	Single Class Mortgage-Backed/Asset-Backed Securities .....											
1.7	TOTALS .....	29,029,425	15,242,615				44,272,040	77.70	64,718,643	85.38	44,272,040	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Issuer Obligations .....											
2.2	Single Class Mortgage-Backed/Asset-Backed Securities .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
2.3	Defined .....											
2.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
2.5	Defined .....											
2.6	Other .....											
2.7	TOTALS .....											
3.	States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)											
3.1	Issuer Obligations .....											
3.2	Single Class Mortgage-Backed/Asset-Backed Securities .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
3.3	Defined .....											
3.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
3.5	Defined .....											
3.6	Other .....											
3.7	TOTALS .....											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Issuer Obligations .....											
4.2	Single Class Mortgage-Backed/Asset-Backed Securities .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
4.3	Defined .....											
4.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
4.5	Defined .....											
4.6	Other .....											
4.7	TOTALS .....											
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, SCH. D & DA (Group 5)											
5.1	Issuer Obligations .....											
5.2	Single Class Mortgage-Backed/Asset-Backed Securities .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
5.3	Defined .....											
5.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
5.5	Defined .....											
5.6	Other .....											
5.7	TOTALS .....											

**SCHEDULE D - PART 1A - SECTION 2 (Continued)**

**Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues**

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations .....								1,001,292	1.32		
6.2 Single Class Mortgage-Backed/Asset-Backed Securities .....											
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
6.3 Defined .....											
6.4 Other .....											
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
6.5 Defined .....											
6.6 Other .....											
6.7 TOTALS .....								1,001,292	1.32		
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations .....		12,708,469				12,708,469	22.30	10,081,576	13.30	12,708,469	
7.2 Single Class Mortgage-Backed/Asset-Backed Securities .....											
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
7.3 Defined .....											
7.4 Other .....											
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
7.5 Defined .....											
7.6 Other .....											
7.7 TOTALS .....		12,708,469				12,708,469	22.30	10,081,576	13.30	12,708,469	
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations .....											
8.7 TOTALS .....											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations .....											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities .....											
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
9.3 Defined .....											
9.4 Other .....											
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
9.5 Defined .....											
9.6 Other .....											
9.7 TOTALS .....											

**SCHEDULE D - PART 1A - SECTION 2 (Continued)**

**Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues**

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
10. Total Bonds Current Year											
10.1 Issuer Obligations	29,029,425	27,951,084				56,980,509	100.00	X X X	X X X	56,980,509	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities								X X X	X X X		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								X X X	X X X		
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								X X X	X X X		
10.6 Other								X X X	X X X		
10.7 TOTALS	29,029,425	27,951,084				56,980,509	100.00	X X X	X X X	56,980,509	
10.8 Line 10.7 as a % of Column 6	50.95	49.05				100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	68,285,845	7,515,666				X X X	X X X	75,801,511	100.00	75,801,511	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities						X X X	X X X				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						X X X	X X X				
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						X X X	X X X				
11.6 Other						X X X	X X X				
11.7 TOTALS	68,285,845	7,515,666				X X X	X X X	75,801,511	100.00	75,801,511	
11.8 Line 11.7 as a % of Column 8	90.09	9.91				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	29,029,425	27,951,084				56,980,509	100.00	75,801,511	100.00	56,980,509	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities											X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											X X X
12.4 Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											X X X
12.6 Other											X X X
12.7 TOTALS	29,029,425	27,951,084				56,980,509	100.00	75,801,511	100.00	56,980,509	X X X
12.8 Line 12.7 as a % of Column 6	50.95	49.05				100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	50.95	49.05				100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other										X X X	
13.7 TOTALS										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

**SCHEDULE DA - PART 2**  
**Verification of SHORT-TERM INVESTMENTS Between Years**

		1	2	3	4	5
		Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1.	Book/adjusted carrying value, prior year .....	49,147,408	49,147,408			
2.	Cost of short-term investments acquired .....	1,690,533,329	1,690,533,329			
3.	Increase (decrease) by adjustment .....					
4.	Increase (decrease) by foreign exchange adjustment .....					
5.	Total profit (loss) on disposal of short-term investments .....					
6.	Consideration received on disposal of short-term investments .....	1,711,869,669	1,711,869,669			
7.	Book/adjusted carrying value, current year .....	27,811,068	27,811,068			
8.	Total valuation allowance .....					
9.	Subtotal (Lines 7 plus 8) .....	27,811,068	27,811,068			
10.	Total nonadmitted amounts .....					
11.	Statement value (Lines 9 minus 10) .....	27,811,068	27,811,068			
12.	Income collected during year .....	1,313,035	1,313,035			
13.	Income earned during year .....	1,267,367	1,267,367			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

**SCHEDULE DB - PART A - VERIFICATION BETWEEN YEARS**

**Options, Caps, Floors and Insurance Futures Options Owned**

1.	Book value, December 31, prior year (Line 8, prior year) .....	
2.	Cost/Option Premium (Section 2, Column 7) .....	
3.	Increase/(Decrease) by Adjustment (Section 1, Column 12) plus (Section 3, Column 13) .....	
4.	Gain/(Loss) on Termination	
4.1	Recognized (Section 3, Column 14) .....	
4.2	Used to Adjust Basis of Hedged Item (Section 3, Column 15) .....	
5.	Consideration received on terminations (Section 3, Column 16) .....	
6.	Used to Adjust Basis on Open Contracts (Section 1, Column 17) .....	
7.	Disposition of deferred amount on contracts terminated in prior year:	
7.1	Recognized .....	
7.2	Used to Adjust Basis of Hedged Item .....	
8.	Book value, December 31, Current Year (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7) .....	

**SCHEDULE DB - PART B - VERIFICATION BETWEEN YEARS**

**Options, Caps, Floors and Insurance Futures Options Written**

1.	Book value, December 31, prior year (Line 8, prior year) .....	
2.	Consideration received (Section 2, Column 7) .....	
3.	Increase/(Decrease) by Adjustment (Section 1, Column 12) plus (Section 3, Column 13) .....	
4.	Gain/(Loss) on Termination:	
4.1	Recognized (Section 3, Column 14) .....	
4.2	Used to Adjust Basis (Section 3, Column 15) .....	
5.	Consideration paid on terminations (Section 3, Column 16) .....	
6.	Used to Adjust Basis on Open Contracts (Section 1, Column 17) .....	
7.	Disposition of deferred amount on contracts terminated in prior year:	
7.1	Recognized .....	
7.2	Used to Adjust Basis .....	
8.	Book value, December 31, Current Year .....	

SCHEDULE DB - PART C - VERIFICATION BETWEEN YEARS

Swaps and Forwards

1.	Book value, December 31, prior year (Line 8, prior year)		
2.	Cost or (Consideration Received) (Section 2, Column 7)		
3.	Increase/(Decrease) by Adjustment (Section 1, Column 12) plus (Section 3, Column 13)		
4.	Gain/(Loss) on Termination:		
4.1	Recognized (Section 3, Column 14)		
4.2	Used to Adjust Basis of Hedged Item (Section 3, C		
5.	Consideration received (or paid) on terminations (Section		
6.	Used to Adjust Basis of Hedged Item on Open Contracts		
7.	Disposition of deferred amount on contracts terminated in prior year:		
7.1	Recognized		
7.2	Used to Adjust Basis of Hedged Item		
8.	Book value, December 31, Current Year (Lines 1+2+3+4-5-6-7)		

SCHEDULE DB - PART D - VERIFICATION BETWEEN YEARS

Futures Contracts and Insurance Futures Contracts

1.	Book value, December 31, prior year (Line 8, prior year)		
2.	Change in total Variation Margin on Open Contracts (Difference between years-Section 1, Column 6)		
3.1	Change in Variation Margin on Open Contracts Used to Adjust Basis of Hedged Item (Section 1, Column 11)		
3.2	Change in variation margin on open contracts recognized (Difference between years-Section 1, Column 10)		
4.1	Variation Margin on Contracts Terminated During the Year (Section 3, Column 6)		
4.2	Less		
4.21	Gain/(Loss) Recognized in Current Year (Section 3		
4.22	Gain/(Loss) Used to Adjust Basis of Hedge (Section		
4.3	Subtotal (Line 4.1 minus Line 4.2)		
5.1	Net Additions to Cash Deposits (Section 2, Column 7)		
5.2	Less: Net Reductions to Cash Deposits (Section 3, Column 9)		
6.	Subtotal (Lines 1 - 2 + 3.1 + 3.2 - 4.3 + 5.2)		
7.	Disposition of Gain/(Loss) on Contracts Terminated in Prior Year:		
7.1	Recognized		
7.2	Used to Adjust Basis of Hedged Item		
8.	Book value, December 31, current year (Lines 6 + 7.1 + 7.2)		

SCHEDULE DB - PART E - VERIFICATION BETWEEN YEARS

Statement Value and Fair Value of Open Contracts

			Statement Value
1.	Part A, Section 1, Column 10		
2.	Part B, Section 1, Column 10		
3.	Part C, Section 1, Column 10		
4.	Part D, Section 1, Column 9 - 12		
5.	Lines (1) - (2) + (3) + (4)		
6.	Part E, Section 1, Column 4		
7.	Part E, Section 1, Column 5		
8.	Lines (5) - (6) - (7)		
			Fair Value
9.	Part A, Section 1, Column 11		
10.	Part B, Section 1, Column 11		
11.	Part C, Section 1, Column 11		
12.	Part D, Section 1, Column 9		
13.	Lines (9) - (10) + (11) + (12)		
14.	Part E, Section 1, Column 7		
15.	Part E, Section 1, Column 8		
16.	Lines (13) - (14) - (15)		



**SCHEDULE DB - PART F - SECTION 1**  
**Summary of Replicated (Synthetic) Assets Open**

Replicated (Synthetic) Asset					Components of the Replicated (Synthetic) Asset							
1 Replication RSAT Number	2  Description	3  NAIC Designation or Other Description	4  Statement Value	5  Fair Value	Derivative Instruments Open		Cash Instrument(s) Held					
					6	7	8	9	10	11	12	
					Description	Fair Value	CUSIP	Description	Statement Value	Fair Value	NAIC Designation or Other Description	
					N O N E							
9999999 Totals .....			.....	.....	X X X .....		.....	X X X .....	X X X .....	.....		..... X X X .....

**SCHEDULE DB - PART F SECTION 2**  
**Reconciliation of Replicated (Synthetic) Assets Open**

		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
		1	2	3	4	5	6	7	8	9	10
		Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value
1.	Beginning Inventory .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	Add: Opened or Acquired Transactions .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	Add: Increases in Replicated Asset Statement Value .....	X X X .....	.....	N O N E		X X X .....	.....	X X X .....	.....	X X X .....	.....
4.	Less: Closed or Disposed of Transactions .....	.....	.....			.....	.....	.....	.....	.....	.....
5.	Less: Positions Disposed of for Failing Effectiveness Criteria .....	.....	.....			.....	.....	.....	.....	.....	.....
6.	Less: Decreases in Replicated (Synthetic) Asset Statement Value .....	X X X .....	.....			X X X .....	.....	X X X .....	.....	X X X .....	.....
7.	Ending Inventory .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

**SCHEDULE S - PART 1 - SECTION 2**

**Reinsurance Assumed Accident and Health Insurance Listed by Reinsured Company as of December 31, Current Year**

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Location	Type of Reinsurance Assumed	Premiums	Unearned Premiums	Reserve Liability Other Than for Unearned Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
NONE											
0399999 Totals .....						.....	.....	.....	.....	.....	.....

**SCHEDULE S - PART 2**

**Reinsurance Recoverable on Paid and Unpaid Losses Listed by  
Reinsuring Company as of December 31, Current Year**

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4  Name of Company	5  Location	6  Paid Losses	7  Unpaid Losses
<div>NONE</div>						
0799999 Totals - Life, Annuity and Accident and Health .....					.....	.....

**SCHEDULE S - PART 3 - SECTION 2**

**Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year**

1	2	3	4	5	6	7	8	9	Outstanding Surplus Relief		12	13
									10	11		
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Type	Premiums	Unearned Premiums (estimated)	Reserve Credit Taken Other than for Unearned Premiums	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
NONE												
0399999 Totals .....						.....	.....	.....	.....	.....	.....	.....

**SCHEDULE S - PART 4**  
**Reinsurance Ceded To Unauthorized Companies**

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Unpaid Losses Recoverable (Debit)	Other Debits	Totals (Cols. 5 + 6 + 7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Cols. 9+10+11+12+13 But Not in Excess of Col. 8
				N O N E									
1199999 Totals (General Account and Separate Accounts combined) .....				.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

**SCHEDULE S - PART 5**  
**Five-Year Exhibit of Reinsurance Ceded Business**  
**(000 Omitted)**

	1 2005	2 2004	3 2003	4 2002	5 2001
<b>A. OPERATIONS ITEMS</b>					
1. Premiums .....					
2. Title XVIII-Medicare .....					
3. Title XIX - Medicaid .....					
4. Commissions and reinsurance expense allowance .....					
5. Total hospital and medical expenses .....					
<b>B. BALANCE SHEET ITEMS</b>					
6. Premiums receivable .....					
7. Claims payable .....					
8. Reinsurance recoverable on paid losses .....					
9. Experience rating refunds due or unpaid .....					
10. Commissions and reinsurance expense allowances unpaid .....					
11. Unauthorized reinsurance offset .....					
<b>C. UNAUTHORIZED REINSURANCE</b>					
<b>(DEPOSITS BY AND FUNDS WITHHELD FROM)</b>					
12. Funds deposited by and withheld from (F) .....					
13. Letters of credit (L) .....					
14. Trust agreements (T) .....					
15. Other (O) .....					

NONE

**SCHEDULE S - PART 6**  
**Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance**

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 10) .....			
2. Accident and health premiums due and unpaid (Line 13) .....			
3. Amounts recoverable from reinsurers (Line 14.1) .....			
4. Net credit for ceded reinsurance .....	X X X		
5. All other admitted assets (Balance) .....			
6. Total assets (Line 26) .....			
<b>LIABILITIES, CAPITAL AND SURPLUS (Page 3)</b>			
7. Claims unpaid (Line 1) .....			
8. Accrued medical incentive pool and bonus payments (Line 2) .....			
9. Premiums received in advance (Line 8) .....			
10. Reinsurance in unauthorized companies (Line 18) .....			
11. All other liabilities (Balance) .....			
12. Total liabilities (Line 22) .....			
13. Total capital and surplus (Line 31) .....		X X X	
14. Total liabilities, capital and surplus (Line 32) .....			
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
15. Claims unpaid .....			
16. Accrued medical incentive pool .....			
17. Premiums received in advance .....			
18. Reinsurance recoverable on paid losses .....			
19. Other ceded reinsurance recoverables .....			
20. Total ceded reinsurance recoverables .....			
21. Premiums receivable .....			
22. Unauthorized reinsurance .....			
23. Other ceded reinsurance payables/offsets .....			
24. Total ceded reinsurance payables/offsets .....			
25. Total net credit for ceded reinsurance .....			

NONE



**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**  
**Allocated by States and Territories**

		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL) .....	No ..	No ..						
2.	Alaska (AK) .....	No ..	No ..						
3.	Arizona (AZ) .....	No ..	No ..						
4.	Arkansas (AR) .....	No ..	No ..						
5.	California (CA) .....	No ..	No ..						
6.	Colorado (CO) .....	No ..	No ..						
7.	Connecticut (CT) .....	No ..	No ..						
8.	Delaware (DE) .....	No ..	No ..						
9.	District of Columbia (DC) .....	No ..	No ..						
10.	Florida (FL) .....	No ..	No ..						
11.	Georgia (GA) .....	No ..	No ..						
12.	Hawaii (HI) .....	No ..	No ..						
13.	Idaho (ID) .....	No ..	No ..						
14.	Illinois (IL) .....	No ..	No ..						
15.	Indiana (IN) .....	No ..	No ..						
16.	Iowa (IA) .....	No ..	No ..						
17.	Kansas (KS) .....	No ..	No ..						
18.	Kentucky (KY) .....	No ..	No ..						
19.	Louisiana (LA) .....	No ..	No ..						
20.	Maine (ME) .....	No ..	No ..						
21.	Maryland (MD) .....	No ..	No ..						
22.	Massachusetts (MA) .....	No ..	No ..						
23.	Michigan (MI) .....	No ..	No ..						
24.	Minnesota (MN) .....	No ..	No ..						
25.	Mississippi (MS) .....	No ..	No ..						
26.	Missouri (MO) .....	No ..	No ..						
27.	Montana (MT) .....	No ..	No ..						
28.	Nebraska (NE) .....	No ..	No ..						
29.	Nevada (NV) .....	No ..	No ..						
30.	New Hampshire (NH) .....	No ..	No ..						
31.	New Jersey (NJ) .....	No ..	No ..						
32.	New Mexico (NM) .....	No ..	No ..						
33.	New York (NY) .....	No ..	No ..						
34.	North Carolina (NC) .....	No ..	No ..						
35.	North Dakota (ND) .....	No ..	No ..						
36.	Ohio (OH) .....	No ..	No ..						
37.	Oklahoma (OK) .....	No ..	No ..						
38.	Oregon (OR) .....	No ..	No ..						
39.	Pennsylvania (PA) .....	No ..	No ..						
40.	Rhode Island (RI) .....	No ..	No ..						
41.	South Carolina (SC) .....	No ..	No ..						
42.	South Dakota (SD) .....	No ..	No ..						
43.	Tennessee (TN) .....	No ..	Yes ..			(185,017)			
44.	Texas (TX) .....	No ..	No ..						
45.	Utah (UT) .....	No ..	No ..						
46.	Vermont (VT) .....	No ..	No ..						
47.	Virginia (VA) .....	No ..	No ..						
48.	Washington (WA) .....	No ..	No ..						
49.	West Virginia (WV) .....	No ..	No ..						
50.	Wisconsin (WI) .....	No ..	No ..						
51.	Wyoming (WY) .....	No ..	No ..						
52.	American Samoa (AS) .....	No ..	No ..						
53.	Guam (GU) .....	No ..	No ..						
54.	Puerto Rico (PR) .....	No ..	No ..						
55.	U.S. Virgin Islands (VI) .....	No ..	No ..						
56.	Canada (CN) .....	No ..	No ..						
57.	Aggregate other alien (OT) .....	X X X ..	X X X ..						
58.	Subtotal .....	X X X ..	X X X ..			(185,017)			
59.	Reporting entity contributions for Employee Benefit Plans .....	X X X ..	X X X ..						
60.	TOTAL (Direct Business) .....	X X X ..	(a)..... 1			(185,017)			
DETAILS OF WRITE-INS									
5701	.....	X X X ..	X X X ..						
5702	.....	X X X ..	X X X ..						
5703	.....	X X X ..	X X X ..						
5798.	Summary of remaining write-ins for Line 57 from overflow page .....	X X X ..	X X X ..						
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) .....	X X X ..	X X X ..						

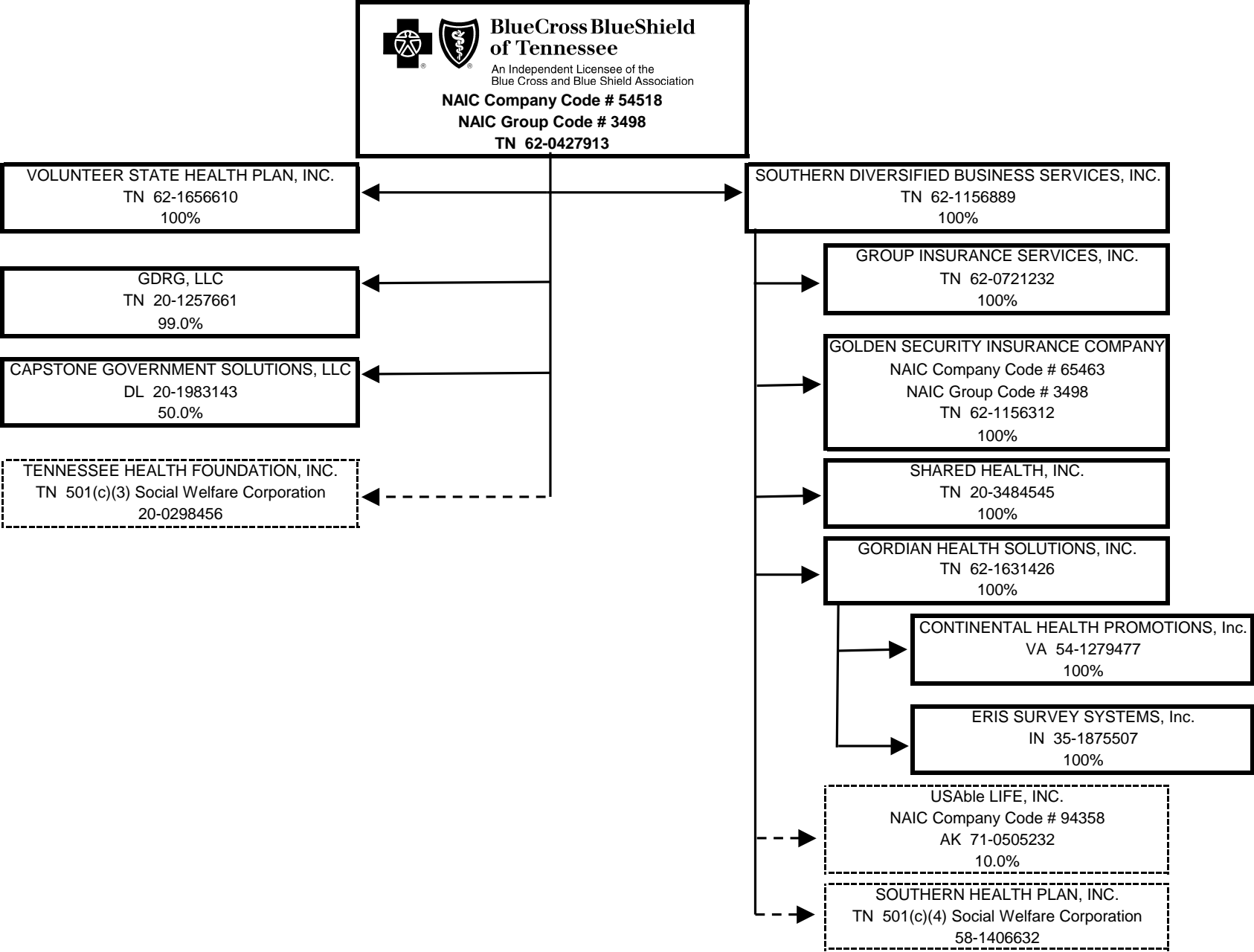
(a) Insert the number of yes responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:

**SCHEDULE T - PART 2**  
**INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN**  
**ALLOCATED BY STATES AND TERRITORIES**

Direct Business only						
	1	2	3	4	5	6
States, Etc.	Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
1. Alabama (AL) .....						
2. Alaska (AK) .....						
3. Arizona (AZ) .....						
4. Arkansas (AR) .....						
5. California (CA) .....						
6. Colorado (CO) .....						
7. Connecticut (CT) .....						
8. Delaware (DE) .....						
9. District of Columbia (DC) .....						
10. Florida (FL) .....						
11. Georgia (GA) .....						
12. Hawaii (HI) .....						
13. Idaho (ID) .....						
14. Illinois (IL) .....						
15. Indiana (IN) .....						
16. Iowa (IA) .....						
17. Kansas (KS) .....						
18. Kentucky (KY) .....						
19. Louisiana (LA) .....						
20. Maine (ME) .....						
21. Maryland (MD) .....						
22. Massachusetts (MA) .....						
23. Michigan (MI) .....						
24. Minnesota (MN) .....						
25. Mississippi (MS) .....						
26. Missouri (MO) .....						
27. Montana (MT) .....						
28. Nebraska (NE) .....						
29. Nevada (NV) .....						
30. New Hampshire (NH) .....						
31. New Jersey (NJ) .....						
32. New Mexico (NM) .....						
33. New York (NY) .....						
34. North Carolina (NC) .....						
35. North Dakota (ND) .....						
36. Ohio (OH) .....						
37. Oklahoma (OK) .....						
38. Oregon (OR) .....						
39. Pennsylvania (PA) .....						
40. Rhode Island (RI) .....						
41. South Carolina (SC) .....						
42. South Dakota (SD) .....						
43. Tennessee (TN) .....						
44. Texas (TX) .....						
45. Utah (UT) .....						
46. Vermont (VT) .....						
47. Virginia (VA) .....						
48. Washington (WA) .....						
49. West Virginia (WV) .....						
50. Wisconsin (WI) .....						
51. Wyoming (WY) .....						
52. American Samoa (AS) .....						
53. Guam (GU) .....						
54. Puerto Rico (PR) .....						
55. U.S. Virgin Islands (VI) .....						
56. Canada (CN) .....						
57. Aggregate other alien (OT) .....						
58. TOTALS .....						

NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



**SCHEDULE Y (Continued)**  
**PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES**

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disburse- ments) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
.. 54518 .. .. 00000 ..	.. 62-0427913 .. .. 62-1656610 ..	BlueCross BlueShield of Tennessee, Inc. (BCBST) ..... Volunteer State Health Plan, Inc. (VSHP) .....	.....	.....	.....	.....	.. 110,514,035 .. (110,514,035)	.....	.....	.....	.. 110,514,035 .. (110,514,035)	.....
9999999 Totals .....			.....	.....	.....	.....	.....	.....	X X X	.....	.....	.....

Schedule Y Part 2 Explanation:

**SUPPLEMENTAL EXHIBITS AND SCHEDULES  
INTERROGATORIES**

	Response
The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.	
MARCH FILING	
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes
2. Will an actuarial opinion be filed by March 1?	Yes
3. Will the Risk-based Capital Report be filed with the NAIC by March 1?	See Explanation
4. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	Yes
APRIL FILING	
5. Will Management's Discussion and Analysis be filed by April 1?	Yes
6. Will the Investment Risks Interrogatories be filed by April 1?	Yes
JUNE FILING	
7. Will an audited financial report be filed by June 1?	Yes

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but it is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	
8. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	No
9. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?	No
10. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC?	No
11. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	No
APRIL FILING	
12. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
13. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?	No
14. Will the Supplemental Property/Casualty data due April 1 be filed with the state of domicile and the NAIC?	No

Explanations:

3. Not a required filing.

Bar Codes:

Medicare Supplement Insurance Experience Exhibit

  
00000200536000000 (NAIC code not entered)      2005      Document Code: 360

Health Life Supplement

  
00000200520500000 (NAIC code not entered)      2005      Document Code: 205

Health Property / Casualty Supplement

  
00000200520700000 (NAIC code not entered)      2005      Document Code: 207

Schedule SIS

  
00000200542000000 (NAIC code not entered)      2005      Document Code: 420

LTC Experience Reporting Form C

  
00000200533000000 (NAIC code not entered)      2005      Document Code: 330

Health Life Supplement

  
00000200520500000 (NAIC code not entered)      2005      Document Code: 205

Health Property / Casualty Supplement

  
00000200520700000 (NAIC code not entered)      2005      Document Code: 207

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
2104.	Payable to THP .....	.....	.....	.....	85,082
2105.	.....	.....	.....	.....	.....
2197.	Summary of remaining write-ins for Line 21 (Lines 2104 through 2196) .....	.....	.....	.....	85,082

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
0604.	Meharry Payments .....	X X X .....	(10,520,544)	(4,940,605)
0605.	Essential Provider Payments (EPP) .....	X X X .....	(100,000,000)	(125,000,000)
0606.	GME Payments .....	X X X .....	.....	(50,135,776)
0607.	.....	X X X .....	.....	.....
0697.	Summary of remaining write-ins for Line 6 (Line 0604 through 0696) .....	X X X .....	(110,520,544)	(180,076,381)

OVERFLOW PAGE FOR WRITE-INS

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS  
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
0504.	Meharry Payments .....	(10,520,544)	.....	.....	.....	.....	.....	.....	(10,520,544)	.....	.....	.....	.....	X X X .....
0505.	Essential Provider Payments (EPP) .....	(100,000,000)	.....	.....	.....	.....	.....	.....	(100,000,000)	.....	.....	.....	.....	X X X .....
0506.	GME Payments .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X X X .....
0507.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X X X .....
0597.	Summary of remaining write-ins for Line 5 (Lines 0504 through 0596) .....	(110,520,544)	.....	.....	.....	.....	.....	.....	(110,520,544)	.....	.....	.....	.....	X X X .....

**SCHEDULE A - PART 1**  
**Showing all Real Estate OWNED December 31 of Current Year**

1	2	Location		5	6	7	8	9	10	11	12	13	14	15	16
		3	4												
Description of Property	Code	City	State	Date Acquired	Date of Last Appraisal	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Fair Value Less Encumbrances	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amounts Received During Year	Expended for Additions, Permanent Improvements and Changes in Encumbrances During Year	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs and Expenses Incurred
						N O N E									
9999999 Totals .....						.....	.....	.....	.....	.....	.....	.....	.....	.....	.....



**SCHEDULE A - PART 2**  
**Showing all Real Estate ACQUIRED During the Year**

1	Location		4	5	6	7	8	9
	2	3						
Description of Property	City	State	Date Acquired	Name of Vendor	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Expended for Additions and Permanent Improvements
<div>NONE</div>								
9999999 Totals .....					.....	.....	.....	.....

**SCHEDULE A - PART 3**

**Showing all Real Estate SOLD during the Year, including Payments during the Final Year on "Sales under Contract"**

1	Location		4	5	6	7	8	9	10	11	12	13	14	15	16
	2	3				Increase (Decrease) by	Increase (Decrease) by Foreign Exchange Adjustment								
Description of Property	City	State	Disposal Date	Name of Purchaser	Actual Cost			Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Amounts Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs and Expenses Incurred
					N O N E										
9999999 Totals .....					.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

**SCHEDULE B - PART 1**  
**Showing all Mortgage Loans OWNED December 31 of Current Year**

1	2	Location		5	6	7	8	9	10	11	12
		3	4								
Loan Number	Code	City	State	Loan Type	Date Acquired	Rate of Interest	Book Value/Recorded Investment Excluding Accrued Interest	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Value of Land and Buildings	Date of Last Appraisal or Valuation
9999999 GRAND TOTAL .....											XXX .....

NONE

General Interrogatory:  
1. Mortgages in good standing \$..... unpaid taxes \$..... interest due and unpaid.  
2. Restructured mortgages \$..... unpaid taxes \$..... interest due and unpaid.  
3. Mortgages with overdue interest over 90 days not in process of foreclosure \$..... unpaid taxes \$..... interest due and unpaid.  
4. Mortgages in process of foreclosure \$..... unpaid taxes \$..... interest due and unpaid.

**SCHEDULE B - PART 2**

**Showing all Mortgage Loans SOLD, Transferred or Paid in Full During the Year**

1	Location		4	5	6	7	8	9	10	11	12	13
	2	3			Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book Value/ Recorded Investment Excluding Accrued Interest at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale
Loan Number	City	State	Loan Type	Date Acquired								
					N O N E							
9999999 Totals .....												

**SCHEDULE BA - PART 1**

**Showing Other Long-Term Invested Assets OWNED December 31, Current Year**

1	2	3	Location		6	7	8	9	10	11	12	13	14	15	16	17	18	19
CUSIP Identification	Name or Description	Code	4	5	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost	Additional Investment During Year Actual Cost	Fair Value	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Increase (Decrease) by	Increase (Decrease) by	Investment Income	Commitment for Additional Investment	Percentage Of Ownership
			City	State									Adjustment	Foreign Exchange Adjustment				
NONE																		
3399999 Totals .....									.....	.....	.....	.....	.....	.....	.....	.....	.....	..... X X X .....

**SCHEDULE BA - PART 2**

**Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Year**

1	2	Location		5	6	7	8	9	10	11	12	13	14	15
CUSIP Identification	Name or Description	3	4	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Increase (Decrease by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration Received	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
NONE														
3399999 Totals .....						.....	.....	.....	.....	.....	.....	.....	.....	.....

**SCHEDULE D - PART 1**

**Showing all Long-Term BONDS Owned December 31 of Current Year**

1	2	6			7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates			
		3	4	5		8	9			12	13	14	15	16	17	18	19	20	21	22		
		F O R E I G N	B O N D C H A R	Rate Used to Obtain Fair Value																	Fair Value	Unrealized Valuation Increase/ (Decrease)
CUSIP Identi- fication	Description	*		NAIC Design- ation	Actual Cost	Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value													
U.S. Governments - Issuer Obligations																						
31331SUJ0	FEDERAL FARM CREDIT			1	2,007,140	99.0160	1,980,320	2,000,000	2,005,988			(1,152)		4.620	4.573	AO	18,223	46,200	04/20/2005	04/20/2009		
3133MYRR0	FEDERAL HOME LOAN BANK			1	6,276,508	97.2500	6,029,500	6,200,000	6,233,675			(23,896)		2.625	2.233	MN	20,796	162,750	03/10/2004	05/15/2007		
3133XCWS8	FEDERAL HOME LOAN BANK		1	1	2,000,000	99.1250	1,982,500	2,000,000	2,000,000					4.875	4.934	FA	34,396		08/12/2005	08/24/2010		
3133XCXY5	FEDERAL HOME LOAN BANK		1	1	1,003,125	99.0790	990,785	1,000,000	1,002,952			(173)		4.750	4.734	MS	14,778		08/30/2005	09/09/2010		
3128X4HX2	FEDERAL HOME LOAN MORTGAGE		1	1	4,000,000	99.2600	3,970,400	4,000,000	4,000,000					4.875	4.934	FA	68,792		08/11/2005	08/24/2010		
31359MJX2	FEDERAL NATL MTG ASSOC			1	1,319,844	100.2970	1,203,564	1,200,000	1,218,356			(39,738)		5.250	1.872	JD	2,800	63,000	05/28/2003	06/15/2006		
0199999 Subtotal - U.S. Governments - Issuer Obligations					16,606,617	X X X	16,157,069	16,400,000	16,460,971			(64,960)		X X X	X X X	X X X	159,784	271,950	X X X	X X X		
0399999 Subtotal - U.S. Governments					16,606,617	X X X	16,157,069	16,400,000	16,460,971			(64,960)		X X X	X X X	X X X	159,784	271,950	X X X	X X X		
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																						
025816AP4	AMERICAN EXPRESS CO NT			1	1,016,927	98.1620	981,620	1,000,000	1,015,994			(933)		3.750	2.894	MN	4,271	18,750	11/20/2005	11/20/2007		
046003DC0	ASSOCIATES CORP			1	4,552,780	111.5650	4,462,600	4,000,000	4,503,884			(48,896)		8.550	4.703	JJ	157,700		08/26/2005	07/15/2009		
638585BH1	BANK OF AMERICA			1	3,239,790	106.4620	3,193,860	3,000,000	3,221,092			(18,698)		6.600	4.771	MN	25,300	99,000	08/02/2005	05/15/2010		
22237LNR9	COUNTRYWIDE HOME LNS MTN #0034			1	969,094	96.0270	960,270	1,000,000	970,415			1,321		3.250	4.623	MN	3,611	16,250	11/20/2005	05/21/2008		
7591EPA8	REGIONS FINANCIAL			1	2,996,670	98.8430	2,965,290	3,000,000	2,997,085			415		4.500	4.592	FA	53,625		08/03/2005	08/08/2008		
3999999 Subtotal - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations					12,775,260	X X X	12,563,640	12,000,000	12,708,469			(66,791)		X X X	X X X	X X X	244,507	134,000	X X X	X X X		
4599999 Subtotal - Industrial & Miscellaneous (Unaffiliated)					12,775,260	X X X	12,563,640	12,000,000	12,708,469			(66,791)		X X X	X X X	X X X	244,507	134,000	X X X	X X X		
5499999 Subtotals - Issuer Obligations					29,381,877	X X X	28,720,709	28,400,000	29,169,440			(131,751)		X X X	X X X	X X X	404,291	405,950	X X X	X X X		
6099999 Grand Total - Bonds					29,381,877	X X X	28,720,709	28,400,000	29,169,440			(131,751)		X X X	X X X	X X X	404,291	405,950	X X X	X X X		

**SCHEDULE D - PART 2 - SECTION 1**  
**Showing all PREFERRED STOCKS Owned December 31 Current Year**

1	2	Codes		5	6	7	8	Fair Value		11	Dividends			Change in Book/Adjusted Carrying Value					20	21
		3	4					9	10		12	13	14	15	16	17	18	19		
CUSIP Identification	Description	Code	For- eign	Number of Shares	Par Value Per Share	Rate Per Share	Book/Adjusted Carrying Value	Rate Per Share Used to Obtain Fair Value	Fair Value	Actual Cost	Declared but Unpaid	Amount Received During Year	Nonadmitted Declared But Unpaid	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other than Temporary Impairment Recognized	Total Change in B./A.C.V. (15+16-17)	Total Foreign Exchange Change in B./A.C.V.	NAIC Designation	Date Acquired
								N O N E												
6599999 Total Preferred Stocks .....							.....	... X X X ...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	. X X X .	.. X X X .



**SCHEDULE D - PART 2 - SECTION 2**  
**Showing All COMMON STOCKS Owned December 31 of Current Year**

1	2	Codes		5	6	Fair Value		9	Dividends			Change in Book/Adjusted Carrying Value				17	18
		3	4			7	8		10	11	12	13	14	15	16		
CUSIP Identification	Description	Code	For- eign	Number of Shares	Book/Adjusted Carrying Value	Rate per Share Used to Obtain Fair Value	Fair Value	Actual Cost	Declared but Unpaid	Amount Received During Year	Nonadmitted Declared But Unpaid	Unrealized Valuation Increase (Decrease)	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Col. 13-14)	Total Foreign Exchange Change in B./A.C.V.	NAIC Market Indicator (a)	Date Acquired
							NONE										
7399999 Total Preferred and Common Stocks .....					.....	X X X ..	.....	.....	.....	.....	.....	.....	.....	.....	.....	X X X ..	X X X ..

**SCHEDULE D - PART 3**  
**Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year**

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
<b>Bonds - U.S. Governments</b>								
31331SUJ0 .....	FEDERAL FARM CREDIT .....		04/20/2005 ..	Aintree Capital .....	X X X .....	2,007,140 .....	2,000,000.00 .....	257 .....
3133XCWS8 .....	FEDERAL HOME LOAN BANK .....		08/12/2005 ..	Duncan Williams .....	X X X .....	2,000,000 .....	2,000,000.00 .....	.....
3133XCXY5 .....	FEDERAL HOME LOAN BANK .....		08/30/2005 ..	Morgan Keegan .....	X X X .....	3,009,375 .....	3,000,000.00 .....	.....
3128X4HX2 .....	FEDERAL HOME LOAN MORTGAGE .....		08/11/2005 ..	Morgan Keegan .....	X X X .....	4,000,000 .....	4,000,000.00 .....	.....
0399999 Subtotal - Bonds - U.S. Governments .....						11,016,515 .....	11,000,000.00 .....	257 .....
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>								
025816AP4 .....	AMERICAN EXPRESS CO NT .....		11/20/2005 ..	Non Broker Trade .....	X X X .....	1,016,927 .....	1,000,000.00 .....	.....
046003DC0 .....	ASSOCIATES CORP .....		08/26/2005 ..	Morgan Keegan .....	X X X .....	4,552,780 .....	4,000,000.00 .....	33,725 .....
638585BH1 .....	BANK OF AMERICA .....		08/02/2005 ..	Morgan Keegan .....	X X X .....	3,239,790 .....	3,000,000.00 .....	44,000 .....
22237LNR9 .....	COUNTRYWIDE HOME LNS MTN #0034 .....		11/20/2005 ..	Non Broker Trade .....	X X X .....	969,094 .....	1,000,000.00 .....	.....
7591EPAA8 .....	REGIONS FINANCIAL .....		08/03/2005 ..	Morgan Keegan .....	X X X .....	2,996,670 .....	3,000,000.00 .....	.....
4599999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) .....						12,775,260 .....	12,000,000.00 .....	77,725 .....
6099997 Subtotal - Bonds - Part 3 .....						23,791,775 .....	23,000,000.00 .....	77,982 .....
6099998 Summary item from Part 5 for Bonds .....						.....	.....	.....
6099999 Subtotal - Bonds .....						23,791,775 .....	23,000,000.00 .....	77,982 .....
6599998 Summary Item from Part 5 for Preferred Stocks .....						.....	X X X .....	.....
7299998 Summary Item from Part 5 for Common Stocks .....						.....	X X X .....	.....
7399999 Subtotal - Preferred and Common Stocks .....						.....	X X X .....	.....
7499999 Totals .....						23,791,775 .....	X X X .....	77,982 .....

**SCHEDULE D - PART 4**

**Showing All Long-Term Bonds and Stocks SOLD, REDEEMED, or Otherwise DISPOSED OF During Current Year**

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	3 F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V.  (Cols. 11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest Stock Dividends Received During Year	Maturity Date
<b>Bonds - U.S. Governments</b>																				
3133MBT23	FEDERAL HOME LOAN BANK .....		06/15/2005	MATURITY .....	X X X ...	2,000,000	2,000,000.00	2,154,300	2,050,061		(50,061)		(50,061)		2,000,000				69,550	06/15/2005
3133X3ES8	FEDERAL HOME LOAN BANK .....		07/26/2005	MATURITY .....	X X X ...	3,000,000	3,000,000.00	3,007,500	3,000,000						3,000,000				53,400	07/26/2005
3133X3L35	FEDERAL HOME LOAN BANK .....		05/17/2005	MATURITY .....	X X X ...	2,000,000	2,000,000.00	2,000,000	2,000,000						2,000,000				15,200	05/17/2005
3133XCYY5	FEDERAL HOME LOAN BANK .....		10/06/2005	Morgan Keegan .....	X X X ...	1,980,000	2,000,000.00	2,006,250	2,006,250		(83)		(83)		2,006,167		(26,167)	(26,167)	7,389	09/09/2010
3128X3GL1	FEDERAL HOME LOAN MTG CORP MULTI .....		11/25/2005	CALLED @ 100.0000000 .....	X X X ...	1,000,000	1,000,000.00	1,007,750	1,005,508		(5,508)		(5,508)		1,000,000				31,250	11/25/2008
0399999	Subtotal - Bonds - U.S. Governments .....					9,980,000	10,000,000.00	10,175,800	10,061,819		(55,651)		(55,651)		10,006,167		(26,167)	(26,167)	176,789	X X X
<b>Bonds - Public Utilities (Unaffiliated)</b>																				
302570AR7	FLORIDA P&L GROUP CAPITAL .....		03/31/2005	MATURITY .....	X X X ...	1,000,000	1,000,000.00	1,006,250	1,001,292		(1,292)		(1,292)		1,000,000				9,375	03/31/2005
3899999	Subtotal - Bonds - Public Utilities (Unaffiliated) .....					1,000,000	1,000,000.00	1,006,250	1,001,292		(1,292)		(1,292)		1,000,000				9,375	X X X
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																				
020002AL5	ALLSTATE CORP .....		05/01/2005	MATURITY .....	X X X ...	1,000,000	1,000,000.00	1,080,930	1,021,232		(21,232)		(21,232)		1,000,000				39,375	05/01/2005
079867AL1	BELLSOUTH TELECOMMUNICATIONS .....		06/15/2005	MATURITY .....	X X X ...	1,000,000	1,000,000.00	1,068,600	1,022,486		(22,486)		(22,486)		1,000,000				32,500	06/15/2005
12490KAB3	CBS CORP .....		05/20/2005	MATURITY .....	X X X ...	1,000,000	1,000,000.00	1,073,820	1,021,544		(21,544)		(21,544)		1,000,000				35,750	05/20/2005
00206HH72	CIT - AT&T CAP CORP MTN TR #00638 .....		05/15/2005	MATURITY .....	X X X ...	1,000,000	1,000,000.00	1,065,000	1,018,488		(18,488)		(18,488)		1,000,000				33,000	05/15/2005
428236AD5	HEWLETT-PACKARD CO .....		06/15/2005	MATURITY .....	X X X ...	1,000,000	1,000,000.00	1,076,480	1,025,078		(25,078)		(25,078)		1,000,000				35,750	06/15/2005
441812GL2	HOUSEHOLD FIN CORP NT .....		05/09/2005	MATURITY .....	X X X ...	1,075,000	1,075,000.00	1,164,494	1,099,619		(24,619)		(24,619)		1,075,000				43,000	05/09/2005
590188JE9	MERRILL LYNCH & CO INC .....		07/15/2005	MATURITY .....	X X X ...	1,000,000	1,000,000.00	1,064,000	1,023,391		(23,391)		(23,391)		1,000,000				60,000	07/15/2005
833667AC2	SOCIETY NATIONAL BANK .....		06/01/2005	MATURITY .....	X X X ...	500,000	500,000.00	538,005	511,612		(11,612)		(11,612)		500,000				18,125	06/01/2005
87612EAA4	TARGET CORP .....		02/15/2005	MATURITY .....	X X X ...	1,000,000	1,000,000.00	1,065,050	1,007,518		(7,518)		(7,518)		1,000,000				37,500	02/15/2005
929771AQ6	WACHOVIA CORP .....		07/15/2005	MATURITY .....	X X X ...	1,290,000	1,290,000.00	1,400,940	1,330,609		(40,609)		(40,609)		1,290,000				96,105	07/15/2005
4599999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) .....					9,865,000	9,865,000.00	10,597,319	10,081,576		(216,576)		(216,576)		9,865,000				431,105	X X X
6099997	Subtotal - Bonds - Part 4 .....					20,845,000	20,865,000.00	21,779,369	21,144,687		(273,519)		(273,519)		20,871,167		(26,167)	(26,167)	617,269	X X X
6099998	Summary Item from Part 5 for Bonds .....																			X X X
6099999	Subtotal - Bonds .....					20,845,000	20,865,000.00	21,779,369	21,144,687		(273,519)		(273,519)		20,871,167		(26,167)	(26,167)	617,269	X X X
6599998	Summary Item from Part 5 for Preferred Stocks .....						X X X ...													X X X
7299998	Summary Item from Part 5 for Common Stocks .....						X X X ...													X X X
7399999	Subtotal - Preferred and Common Stocks .....						X X X ...													X X X
7499999	Totals .....					20,845,000	X X X ...	21,779,369	21,144,687		(273,519)		(273,519)		20,871,167		(26,167)	(26,167)	617,269	X X X

**SCHEDULE D - PART 5**

**Showing All Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year**

1	2	3 F O R E I G N	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value					17	18	19	20	21
											12	13	14	15	16					
CUSIP Identifi- cation	Description		Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) Number of Shares (Stock)	Actual Cost	Consider- ation	Book/ Adjusted Carrying Value at Disposal Date	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Col. 12+ 13-14)	Total Foreign Exchange Change in B./A.C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
7499999 Totals .....								.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

**SCHEDULE D - PART 6 - SECTION 1**

**Valuation of Shares of Subsidiary, Controlled or Affiliated Companies**

1	2	3	4	5	6	7	8	Stock of Such Company Owned by Insurer on Statement Date	
								9	10
CUSIP Identification	Description Name of Subsidiary, Controlled or Affiliated Company	Foreign	NAIC Company Code or Alien Insurer Identification Number	NAIC Valuation Method (See SVO Purposes and Procedures manual)	Do Insurer's Admitted Assets Include Intangible Assets connected with Holding of Such Company's Stock?	Total Amount of Such Intangible Assets	Book/Adjusted Carrying Value	Number of Shares	% of Outstanding
NONE									
1999999 Total - Preferred and Common Stocks .....						.....	.....	... X X X ..	... X X X ..

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$.....  
2. Total amount of intangible assets nonadmitted \$.....

**SCHEDULE D - PART 6 - SECTION 2**

1	2	3	4	Stock in Lower-tier Company Owned Indirectly by Insurer on Statement Date	
				5	6
CUSIP Identification	Name of Lower-tier Company	Name of Company Listed in Section 1 Which Controls Lower-tier Company	Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Number of Shares	% of Outstanding
NONE					
0399999 Total - Preferred and Common Stocks .....			.....	.... X X X ....	.... X X X ....

**SCHEDULE DA - PART 1**

**Showing all SHORT-TERM INVESTMENT Owned December 31 of Current Year**

1	Codes		4	5	6	7	Change in Book/Adjusted Carrying Value				12	13	Interest						20
	2	3					8	9	10	11			14	15	16	17	18	19	
Description	Code	For- eign	Date Acquired	Name of Vendor	Maturity Date	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Par Value	Actual Cost	Amount Due and Accrued Dec 31 of Current Year on Bonds Not in Default	Non-Admitted Due and Accrued	Rate of	Effective Rate of	How Paid	Gross Amount Received	Paid For Accrued Interest
6099999 Subtotal - Bonds .....															.. X X X .	.. X X X .	. X X X .	.....	.....
<b>Exempt Money Market Mutual Funds</b>																			
FEDERATED PRIME OBLIG MONEY MKT .....			12/01/2005	Regions Trust .....	12/31/2006	... 27,811,068	.....				... X X X ...	... 27,811,068	..... 96,474	.....	.. X X X .	.... 4.090	.....	..... 363,965	.....
7999999 Subtotal - Exempt Money Market Mutual Funds .....						... 27,811,068	.....				... X X X ...	... 27,811,068	..... 96,474	.....	.. X X X .	.. X X X .	. X X X .	..... 363,965	.....
8299999 Total Short-term Investments .....						... 27,811,068	.....				... X X X ...	... 27,811,068	..... 96,474	.....	.. X X X .	.. X X X .	. X X X .	..... 363,965	.....

**SCHEDULE DB - PART A - SECTION 1**

**Showing all Options, Caps, Floors and Insurance Futures Options Owned December 31 of Current Year**

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/ Option Premium	Book Value	*	Statement Value	Fair Value	Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income
N O N E													
9999999 Total .....								X X X					

**SCHEDULE DB - PART A - SECTION 2**

**Showing all Options, Caps, Floors and Insurance Futures Options Acquired During Current Year**

1	2	3	4	5	6	7
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium
N O N E						
9999999 Total .....						

**SCHEDULE DB - PART A - SECTION 3**

**Showing all Options, Caps, Floors and Insurance Futures Options Terminated During Current Year**

1	2	3	4	5	6	7	8	9	10	11	12	13	Gain/Loss on Termination			17
													14	15	16	
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/ Option Premium	Indicate Exercise, Expiration, Maturity or Sale	Termination Date	Book Value	*	Consideration Received on Terminations	Increase/ (Decrease) by Adjustment	Recognized	Used to Adjust Basis of Hedged Item	Deferred	
						NONE										
9999999 Total							X X X	X X X		X X X						

**SCHEDULE DB - PART B - SECTION 1**

**Showing all Options, Caps, Floors and Insurance Futures Options Written and In-Force December 31 of Current Year**

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Consideration Received	Book Value	*	Statement Value	Fair Value	Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income
<div>NONE</div>													
9999999 Total .....						.....	.....	X X X	.....	.....	.....	.....	.....



**SCHEDULE DB - PART B - SECTION 2**  
**Showing all Options, Caps, Floors and Insurance Futures Options Written During Current Year**

1	2	3	4	5	6	7
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Consideration Received
N O N E						
9999999 Grand Total .....						.....

**SCHEDULE DB - PART B - SECTION 3**  
**Showing all Written Options, Caps, Floors and Insurance Futures Options Terminated During Current Year**

1	2	3	4	5	6	7	8	9	10	11	12	13	Gain/Loss on Termination			17
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Consideration Received	Indicate Exercise, Expiration, Maturity or Closing Purchase Transaction	Termination Date	Book Value	*	Consideration Paid on Terminations	Increase/ (Decrease) by Adjustment	14	15	16	Other Investment/ Miscellaneous Income
9999999 Grand Total .....						.....	..... X X X .....	... X X X ..	.....	X X X	.....	.....	.....	.....	.....	.....

**SCHEDULE DB - PART C - SECTION 1**  
**Showing all Collar, Swap and Forwards Open December 31 of Current Year**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)	Book Value	*	Statement Value	Fair Value	Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income	Potential Exposure
NONE														
9999999 Grand Total .....								X X X						

**SCHEDULE DB - PART C - SECTION 2**  
**Showing all Collar, Swap and Forwards Opened During Current Year**

1	2	3	4	5	6	7
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)
NONE						
9999999 Grand Total .....						

**SCHEDULE DB - PART C - SECTION 3**  
**Showing all Collar, Swap and Forwards Terminated During Current Year**

1  Description	2  Notional Amount	3  Date of Maturity, Expiry, or Settlement	4  Strike Price, Rate or Index Rec (Pay)	5  Date of Opening Position or Agreement	6  Exchange or Counterparty	7  Cost or (Consideration Received)	8  Indicate Exercise, Expiration, Maturity or Sale	9  Termination Date	10  Book Value	11  *	12  Consideration Received or (Paid) on Terminations	13  Increase/ (Decrease) by Adjustment	Gain/Loss on Termination			17  Other Investment/ Miscellaneous Income
													14  Recognized	15  Used to Adjust Basis of Hedged Item	16  Deferred	
							NONE									
9999999 Grand Total .....							.....	... X X X ...	... X X X ..	.....	X X X	.....	.....	.....	.....	.....

**SCHEDULE DB - PART D - SECTION 1**  
**Showing all Futures Contracts and Insurance Futures Contracts Open December 31 of Current Year**

1	2	3	4	5	6	7	8	9	Variation Margin Information			13
									10	11	12	
Description	Number of Contracts	Maturity Date	Original Value	Current Value	Variation Margin	Date of Opening Position	Exchange of Counterparty	Cash Deposit	Recognize	Used to Adjust Basis of Hedged Item	Deferred	Potential Exposure
					NONE							
9999999 Grand Total .....			.....	.....	.....	X X X	X X X	.....	.....	.....	.....	.....

**SCHEDULE DB - PART D - SECTION 2**

**Showing all Futures Contracts and Insurance Futures Contracts Opened During Current Year**

1	2	3	4	5	6	7
Description	Number of Contracts	Maturity Date	Original Value	Date of Opening Position	Exchange or Counterparty	Net Additions to Cash Deposits
			N O N E			
9999999 Grand Total .....			.....	... X X X .....	..... X X X .....	.....

**SCHEDULE DB - PART D - SECTION 3**

**Showing all Futures Contracts and Insurance Futures Contracts Terminated During Current Year**

1	2	3	4	5	6	7	8	9	10	Variation Margin Information		
										11	12	13
Description	Number of Contracts	Maturity Date	Original Value	Termination Value	Variation Value	Date of Opening Position	Exchange or Counterparty	Net Reduction to Cash Deposits	Termination Date	Gain/(Loss) Recognized	Gain/(Loss) Used to Adjust Basis of Hedged Item	Gain/(Loss) Deferred
					N O N E							
9999999 Grand Total .....			.....	.....	.....	.. X X X ..	..... X X X .....	.....	... X X X ..	.....	.....	.....

**SCHEDULE DB - PART E - SECTION 1**  
**Showing Counterparty Exposure for Derivative Instruments Open December 31 of Current Year**

1  Description Counterparty or Exchange Traded	2  Master Agreement (Y or N)	3  Fair Value of Acceptable Collateral	Statement Value			Fair Value			10  Potential Exposure	11  Off-Balance Sheet Exposure
			4  Contracts Statement Value > 0	5  Contracts Statement Value < 0	6  Exposure Net of Collateral	7  Contracts Fair Value > 0	8  Contracts Fair Value < 0	9  Exposure Net of Collateral		
			N O N E							
9999999 Totals .....										

SCHEDULE E - PART 1 - CASH

1			2	3	4	5	6	7
Depository			Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
open depositories								
Regions Bank .....	2128 Gunbarrel Rd, Chattanooga, TN 37421 .....	.....	.....	.....	.....	.....	236,936	X X X
Regions Bank .....	5834 Poplar, Memphis, TN 39119 .....	.....	.....	.....	.....	..	(1,011,946)	X X X
Regions Bank .....	2128 Gunbarrel Rd, Chattanooga, TN 37421 .....	.....	.....	.....	.....	.....	(3,715,136)	X X X
Regions Bank .....	2128 Gunbarrel Rd, Chattanooga, TN 37421 .....	.....	.....	.....	.....	.....	(14,162,274)	X X X
0199998 Deposits in .....2 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories .....				.. X X X ..	.....	.....	104,762	X X X
0199999 Totals - Open Depositories .....				.. X X X ..	.....	.....	(18,547,658)	X X X
0299998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories .....				.. X X X ..	.....	.....		X X X
0299999 Totals - Suspended Depositories .....				.. X X X ..	.....	.....		X X X
0399999 Total Cash On Deposit .....				.. X X X ..	.....	.....	(18,547,658)	X X X
0499999 Cash in Company's Office .....				.. X X X ..	... X X X ...	... X X X ...		X X X
0599999 Total Cash .....				.. X X X ..	.....	.....	(18,547,658)	X X X

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January .....	(22,996,194)	4. April .....	(37,917,286)	7. July .....	(28,110,963)	10. October .....	(24,715,528)
2. February .....	(34,270,750)	5. May .....	(36,273,993)	8. August .....	(16,687,627)	11. November .....	(16,683,364)
3. March .....	(14,458,926)	6. June .....	(3,729,990)	9. September .....	(21,288,828)	12. December .....	(18,547,659)

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned December 31 of Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Gross Investment Income
<div>NONE</div>								
0199999 Total Cash Equivalents .....						.....	.....	.....

**SCHEDULE E - PART 3 - SPECIAL DEPOSITS**

		1	2	Deposits with the State of Domicile For the Benefit of All Policyholders		All Other Special Deposits	
		Type of Deposit	Purpose of Deposit	3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
States. Etc.							
1.	Alabama (AL) .....						
2.	Alaska (AK) .....						
3.	Arizona (AZ) .....						
4.	Arkansas (AR) .....						
5.	California (CA) .....						
6.	Colorado (CO) .....						
7.	Connecticut (CT) .....						
8.	Delaware (DE) .....						
9.	District of Columbia (DC) .....						
10.	Florida (FL) .....						
11.	Georgia (GA) .....						
12.	Hawaii (HI) .....						
13.	Idaho (ID) .....						
14.	Illinois (IL) .....						
15.	Indiana (IN) .....						
16.	Iowa (IA) .....						
17.	Kansas (KS) .....						
18.	Kentucky (KY) .....						
19.	Louisiana (LA) .....						
20.	Maine (ME) .....						
21.	Maryland (MD) .....						
22.	Massachusetts (MA) .....						
23.	Michigan (MI) .....						
24.	Minnesota (MN) .....						
25.	Mississippi (MS) .....						
26.	Missouri (MO) .....						
27.	Montana (MT) .....						
28.	Nebraska (NE) .....						
29.	Nevada (NV) .....						
30.	New Hampshire (NH) .....						
31.	New Jersey (NJ) .....						
32.	New Mexico (NM) .....						
33.	New York (NY) .....						
34.	North Carolina (NC) .....						
35.	North Dakota (ND) .....						
36.	Ohio (OH) .....						
37.	Oklahoma (OK) .....						
38.	Oregon (OR) .....						
39.	Pennsylvania (PA) .....						
40.	Rhode Island (RI) .....						
41.	South Carolina (SC) .....						
42.	South Dakota (SD) .....						
43.	Tennessee (TN) .....	B .....	Pledged for TNRSD by Ins Code, Section 56-32-212(b) .....			26,684,825 .....	26,286,655 .....
44.	Texas (TX) .....						
45.	Utah (UT) .....						
46.	Vermont (VT) .....						
47.	Virginia (VA) .....						
48.	Washington (WA) .....						
49.	West Virginia (WV) .....						
50.	Wisconsin (WI) .....						
51.	Wyoming (WY) .....						
52.	American Samoa (AS) .....						
53.	Guam (GU) .....						
54.	Puerto Rico (PR) .....						
55.	U.S. Virgin Islands (VI) .....						
56.	Canada (CN) .....						
57.	Aggregate other alien (OT) .....	X X X .....	X X X .....				
58.	Total .....	X X X .....	X X X .....			26,684,825 .....	26,286,655 .....
DETAILS OF WRITE-INS							
5701	.....						
5702	.....						
5703	.....						
5798.	Summary of remaining write-ins for Line 57 from overflow page .....	X X X .....	X X X .....				
5799.	Totals (Lines 5701 through 5703 plus 5798) (Line 57 above) .....	X X X .....	X X X .....				





**SUPPLEMENTAL COMPENSATION EXHIBIT**  
For the Year Ended December 31, 2005  
(To be filed by March 1)

PART 1 - INTERROGATORIES

1. The reporting insurer is a member of a group of insurers or other holding company system:  
If yes, do the below amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group:  
or 2) allocation to each insurer:

Yes[X] No[ ]  
Yes[ ] No[X]  
Yes[X] No[ ]
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity?

Yes[ ] No[X]
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement?

Yes[X] No[ ]

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1  Name and Principal Position		2  Year	Annual Compensation			
			3  Salary	4  Bonus	5  All Other Compensation	6  Totals
1. Ron Harr Sr VP Government Programs President & CEO of VSHP	2005	230,934		208,623	439,557	
	2004	49,991		34,907	84,898	
	2003	44,200		24,747	68,947	
2. Vicky Gregg President & CEO	2005	182,287		178,215	360,502	
	2004	163,916		158,017	321,933	
	2003	126,923		104,773	231,696	
3. Steve Coulter Sr VP & Chief Medical Officer	2005	136,785		120,135	256,920	
	2004	75,018		73,727	148,745	
	2003	79,594		69,866	149,460	
4. Sonya Nelson VP BlueCare Administration	2005	163,531	1,066	53,486	218,083	
	2004	103,209		25,608	128,817	
	2003	29,012	1,522	8,455	38,989	
5. Amber Cambron Sr Director Medicaid Operations	2005	152,145	1,066	42,799	196,010	
	2004	144,202		40,015	184,217	
	2003	133,383	2,000	32,177	167,560	
6. Joseph Thomas III MD Medical Director Medicaid Administration	2005	165,825	1,066	12,243	179,134	
	2004	41,250	5,000		46,250	
	2003					
7. David Moser Director Medicaid System Configuration	2005	113,947	1,659	35,306	150,912	
	2004	110,094		34,875	144,969	
	2003	106,371		30,988	137,359	
8. David Deal Sr VP & Chief Financial Officer	2005	74,027		66,647	140,674	
	2004	72,660		62,988	135,648	
	2003	64,708		43,397	108,105	
9. Robert Worthington Sr VP Business Operations	2005	71,643		65,173	136,816	
	2004	70,336		66,590	136,926	
	2003	62,188		52,367	114,555	
10. Rhonda Jordan Sr Mgr Business Research & Financial Mgmt	2005	102,322	668	29,546	132,536	
	2004	97,827	437	9,336	107,600	
	2003	27,598		1,835	29,433	

PART 3 - DIRECTOR COMPENSATION

1  Name and Principal Position or Occupation	2  Compensation Paid or Deferred for Services as Director	3  All Other Compensation Paid or Deferred	4  Totals
N O N E			
9999999			



**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES**  
**Due April 1**

For the year ended December 31, 2005

Of The

Volunteer State Health Plan, Inc.

Address (City, State, Zip Code)

Chattanooga, TN, 37402

NAIC Group Code

0000

NAIC Company Code

00000

Employer's ID Number

62-1656610

The Investment Risk Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.  
Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ 41,099,031

1	2	3	4
Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2. Ten largest exposures to a single issuer/borrower/investment.			
2.01 Associates Corp .....	Bond - Cusip 046003DC0 .....	4,503,884 .....	10.959 .....
2.02 Bank of America .....	Bond - Cusip 638585BH1 .....	3,221,092 .....	7.837 .....
2.03 Regions Financial .....	Bond - Cusip 7591EPAA8 .....	2,997,085 .....	7.292 .....
2.04 American Express .....	Bond - Cusip 025816AP4 .....	1,015,994 .....	2.472 .....
2.05 Countrywide .....	Bond - Cusip 22237LNR9 .....	970,415 .....	2.361 .....
2.06 .....	.....	.....	.....
2.07 .....	.....	.....	.....
2.08 .....	.....	.....	.....
2.09 .....	.....	.....	.....
2.10 .....	.....	.....	.....

NAIC Rating	1 Amount	2 Percent
3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.		
<b>Bonds</b>		
3.01 NAIC-1 .....	56,980,509 .....	138.642 .....
3.02 NAIC-2 .....	.....	.....
3.03 NAIC-3 .....	.....	.....
3.04 NAIC-4 .....	.....	.....
3.05 NAIC-5 .....	.....	.....
3.06 NAIC-6 .....	.....	.....
<b>Preferred Stocks</b>		
3.07 P/RP-1 .....	.....	.....
3.08 P/RP-2 .....	.....	.....
3.09 P/RP-3 .....	.....	.....
3.10 P/RP-4 .....	.....	.....
3.11 P/RP-5 .....	.....	.....
3.12 P/RP-6 .....	.....	.....

4. Assets held in foreign investments:  
4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes[X] No[]

	1 Amount	2 Percent
4.02 Total admitted assets held in foreign investments .....	.....	.....
4.03 Foreign-currency-denominated investments .....	.....	.....
4.04 Insurance liabilities denominated in that same foreign currency .....	.....	.....

If response, to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

NAIC Sovereign Rating		1 Amount	2 Percent
5.	Aggregate foreign investment exposure categorized by NAIC sovereign rating:		
5.01	Countries rated NAIC-1 .....	.....	.....
5.02	Countries rated NAIC-2 .....	.....	.....
5.03	Countries rated NAIC-3 or below .....	.....	.....

NAIC Sovereign Rating		1 Amount	2 Percent
6.	Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating:		
Countries rated NAIC-1:			
6.01	.....	.....	.....
6.02	.....	.....	.....
Countries rated NAIC-2:			
6.03	.....	.....	.....
6.04	.....	.....	.....
Countries rated NAIC-3 or below:			
6.05	.....	.....	.....
6.06	.....	.....	.....

Description		1 Amount	2 Percent
7.	Aggregate unhedged foreign currency exposure .....	.....	.....

NAIC Sovereign Rating		1 Amount	2 Percent
8.	Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:		
8.01	Countries rated NAIC-1 .....	.....	.....
8.02	Countries rated NAIC-2 .....	.....	.....
8.03	Countries rated NAIC-3 or below .....	.....	.....

NONE

NAIC Sovereign Rating		1 Amount	2 Percent
9.	Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:		
Countries rated NAIC-1:			
9.01	.....	.....	.....
9.02	.....	.....	.....
Countries rated NAIC-2:			
9.03	.....	.....	.....
9.04	.....	.....	.....
Countries rated NAIC-3 or below:			
9.05	.....	.....	.....
9.06	.....	.....	.....

1 Issuer	2 NAIC Rating	3 Amount	4 Percent
10.	Ten largest non-sovereign (i.e. non-governmental) foreign issues:		
10.01	.....	.....	.....
10.02	.....	.....	.....
10.03	.....	.....	.....
10.04	.....	.....	.....
10.05	.....	.....	.....
10.06	.....	.....	.....
10.07	.....	.....	.....
10.08	.....	.....	.....
10.09	.....	.....	.....
10.10	.....	.....	.....

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:
- 11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?

Yes[ ] No[X]
- If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

	1	2
	Amount	Percent
11.02 Total admitted assets held in Canadian Investments ..	.....	.....
11.03 Canadian-currency-denominated investments .....	.....	.....
11.04 Canadian-denominated insurance liabilities .....	.....	.....
11.05 Unhedged Canadian currency exposure .....	.....	.....

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.
- 12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?

Yes[ ] No[X]
- If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

1	2	3
Contractual Sales Restrictions	Amount	Percent
12.02 Aggregate statement value of investments with contractual sales restrictions .....	.....	.....
Largest 3 investments with contractual sales restrictions:		
12.03 .....	N O N E	.....
12.04 .....		.....
12.05 .....		.....
		.....

13. Amounts and percentages of admitted assets held in the largest 10 equity interests:
- 13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?

Yes[ ] No[X]
- If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

1	2	3
Name of Issuer	Amount	Percent
Assets held in equity interests:		
13.02 .....	.....	.....
13.03 .....	.....	.....
13.04 .....	.....	.....
13.05 .....	.....	.....
13.06 .....	.....	.....
13.07 .....	.....	.....
13.08 .....	.....	.....
13.09 .....	.....	.....
13.10 .....	.....	.....
13.11 .....	.....	.....

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:  
14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes[ ] No[X]  
If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

1 Investment Category		2 Amount	3 Percent
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities .....		
	Largest 3 investments held in nonaffiliated, privately placed equities:		
14.03	.....		
14.04	.....		
14.05	.....		

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:  
15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes[ ] No[X]  
If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

1 Investments in General Partnerships		2 Amount	3 Percent
15.02	Aggregate statement value of investments held in general partnership interests .....		
	Largest 3 investments in general partnership interests:		
15.03	.....		
15.04	.....		
15.05	.....		

NONE

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:  
16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes[ ] No[X]  
If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

1 Type (Residential, Commercial, Agricultural)		2 Amount	3 Percent
	Total admitted assets held in Mortgage Loans		
16.02	.....		
16.03	.....		
16.04	.....		
16.05	.....		
16.06	.....		
16.07	.....		
16.08	.....		
16.09	.....		
16.10	.....		
16.11	.....		

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

Description	Loans	
	2 Amount	3 Percent
Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:		
16.12 Construction loans .....	.....	.....
16.13 Mortgage loans over 90 days past due .....	.....	.....
16.14 Mortgage loans in the process of foreclosure .....	.....	.....
16.15 Mortgage loans foreclosed .....	.....	.....
16.16 Restructured mortgage loans .....	.....	.....

Loan-to-Value	Residential		Commercial		Agricultural	
	1 Amount	2 Percent	3 Amount	4 Percent	5 Amount	6 Percent
17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:						
17.01 Above 95% .....	.....	.....	.....	.....	.....	.....
17.02 91% to 95% .....	.....	.....	.....	.....	.....	.....
17.03 81% to 90% .....	.....	.....	.....	.....	.....	.....
17.04 71% to 80% .....	.....	.....	.....	.....	.....	.....
17.05 Below 70% .....	.....	.....	.....	.....	.....	.....

18. Amounts and percents of the reporting entity's total admitted assets held in real estate:

18.01 Are assets held in real estate reported in less than 2% of the reporting entity's total admitted assets? If response to 18.01 above is yes, responses are not required for the remaining mandatory 18.

NONE

the largest investments in real estate reported in less than 2% of the reporting entity's total admitted assets? Yes[ ] No[X]

1 Description	2 Amount	3 Percent
Largest 5 investments in any one parcel or group of contiguous parcels of real estate:		
18.02 .....	.....	.....
18.03 .....	.....	.....
18.04 .....	.....	.....
18.05 .....	.....	.....
18.06 .....	.....	.....

Description	At Year-end		At End of Each Quarter		
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
19. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:					
19.01 Securities lending agreements (do not include assets held as collateral for such transactions) .....	.....	.....	.....	.....	.....
19.02 Repurchase agreements .....	.....	.....	.....	.....	.....
19.03 Reverse repurchase agreements .....	.....	.....	.....	.....	.....
19.04 Dollar repurchase agreements .....	.....	.....	.....	.....	.....
19.05 Dollar reverse repurchase agreements .....	.....	.....	.....	.....	.....

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

Description		Owned		Written	
		1 Amount	2 Percent	3 Amount	4 Percent
20.	Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:				
20.01	Hedging .....	.....	.....	.....	.....
20.02	Income generation .....	.....	.....	.....	.....
20.03	Other .....	.....	.....	.....	.....

Description		At Year-End		Amount at End of Each Quarter		
		Amount 1	Percent 2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
21.	Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:	<div>NONE</div>				
21.01	Hedging .....			.....	.....	.....
21.02	Income generation .....			.....	.....	.....
21.03	Replications .....			.....	.....	.....
21.04	Other .....			.....	.....	.....

Description		At Year-End		Amount at End of Each Quarter		
		Amount 1	Percent 2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
22.	Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:					
22.01	Hedging .....	.....	.....	.....	.....	.....
22.02	Income generation .....	.....	.....	.....	.....	.....
22.03	Replications .....	.....	.....	.....	.....	.....
22.04	Other .....	.....	.....	.....	.....	.....

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Salvage and Subrogation; 25, Note 31; Supp31; Supp32; Supp33; Supp34; Supp35; Supp 36; Supp37; Supp38; Supp39; Supp40; Supp41; Supp42; Supp43; Supp44; Supp45; Supp46; Supp47; Supp48; Supp49; Supp50; Supp51; Supp52

September 11 Events; 25, Note 20

Servicing of Financial Assets; 25, Note 17

Short-Term Investments; Q2; Q6; Q11.1; Q14; 2; 6; 15; 26; 29; 39; E15

Special Deposits; E25

Stockholder Dividends; Q5; 5

Stop Loss; 8

Subsequent Events; 25, Note 22

Surplus; Q3; Q5; 3; 5; 25, Note 13; 29

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Surplus Notes; Q3; Q5; Q6; 3; 5; 6  
Swaps; QE07; E19; E20  
Synthetic Assets; Q15; Q16; 42; 43  
Third Party Administrator; 25, Note 19  
Treasury Stock; Q3; Q5; 3; 5; 6  
Uninsured Accident and Health; Q2; Q3; 2; 3; 16; 25, Note 18  
Valuation Allowance; Q12; Q14; 31; 32  
Wash Sales; 25. Note 17  
Withholds; Q4; Q8; 4; 7; 10; 20; 23; 28.1

COMPANY INFORMATION PAGE (JURAT)  
Health Risk-Based Capital  
For the Year Ending December 31, 2005

Company Name	Volunteer State Health Plan, Inc.				
NAIC Group Code	0000	NAIC Company Code	00000	Employer's ID Number	62-1656610
Organized under the Laws of the State of	Tennessee				
Contact Person for Health Risk-Based Capital:					
First Name	Dana	Middle	E.	Last Name	Hull
Mail Address of Contact Person	801 Pine Street 3P				
	(Street and Number of P.O. Box)				
City	Chattanooga	State	TN	Zip	37402-2555
Phone Number of RBC Contact Person	(423)535-7919				
E-mail address of RBC Contact Person	Dana_Hull@BCBST.com				
Date Prepared	02/17/2005				
Preparer (if different than Contact)					
First Name	M.	Middle	Ann	Last Name	Tate
Is this filing an Original, Amended or Refiling?	Original				
If Amended, Amendment Number:					
Were any items that come directly from the annual statement entered manually to prepare this filing?	Yes				
Was the entity in business for the entire reporting year?	Yes				
Officer's Name:	Ronald Ellis Harr		Shelia Dian Clemons		David Lee Deal
Officer's Title:	First President & CEO First		Second Secretary Second		Third Treasurer & CFO Third

Each says that they are the above described officers of the said insurer, and that this risk-based capital report is a true and fair representation of the company's affairs and has been completed in accordance with the NAIC instructions according to the best of their information, knowledge and belief, respectively.

Ronald Ellis Harr  
(Signature)

Shelia Dian Clemons  
(Signature)

David Lee Deal  
(Signature)

XR001

**AFFILIATED COMPANIES RISK - DETAILS**

(1)  Name of Affiliate	(2)  Affil Type Code	(3) NAIC Company Code or Alien ID Number	(4)  Affiliate's RBC After Covariance	(5) Book/Adj Carrying Value of Affiliate's Common Stock	(6) Valuation Basis of Col. (5) F - Fair A - All Other	(7) Total Value of Affiliate's Outstanding Common Stock	(8) Total Statutory Surplus of Affiliate Subject to RBC	(9) Book/Adj Carrying Value of Affiliate's Preferred Stock	(10) Total Value of Affiliate's Outstanding Preferred Stock	(11) Percent Owned (Cols 5+ 9) / (Cols 7+10)	(12) H0 Component RBC Required	(13) H1 Component RBC Required
							<div>NONE</div>					
9999999 TOTAL .....	X X X	X X X			X X X					X X X		

Logic: If Col (6) = F and Col (4) > 0 Do Calculation.  
Calculation: Col (12) = Min [(Col (8) x Col (11), Col (4) x Col (11))] If [Col (4) x Col (11)] > [Col (5) + Col (9)] then Col (13) = [Col (5) + Col (9) - Col (12)] If [Col (4) x Col (11)] <= [Col (5) + Col (9)] then Col (13) = Max[(Col (5) + Col (9) - Col (8) x Col (11))] x .225, [(Col (4) x Col (11)) - Col (12)]  
Col (13) cannot be less than 0

**AFFILIATED COMPANIES RISK**

Type of Affiliate		Type Code	Basis	(1) RBC	(2) Count
1.	Directly Owned Insurer Subject to RBC .....	1 .....	Affiliate's RBC* .....		
2.	Indirectly Owned Insurer Subject to RBC .....	2 .....	Affiliate's RBC* .....		
3.	Directly Owned MCO Subject to RBC .....	3 .....	Affiliate's RBC* .....		
4.	Indirectly Owned MCO Subject to RBC .....	4 .....	Affiliate's RBC* .....		
5.	Investment Subsidiary .....	5 .....	Affiliate's RBC* .....		
6.	Holding Company Excess of Subsidiaries .....	6 .....	0 .....		
7.	Directly Owned Alien Insurer .....	7 .....	1 .....		
8.	Indirectly Owned Alien Insurers .....	8 .....	1 .....		
9.	Investment in Parent .....	9 .....	0.300 .....		
10.	Other Affiliates .....	10 .....	0.300 .....		
11.	Fair Value Excess Affiliate Common Stock .....	11 .....	Total of Type codes 1 through 5 of XR002, Col 13 .....		

\*Capped at carrying value on parent's statement

**CROSSCHECKING FOR AFFILIATED INVESTMENTS**  
**Schedule D, Part 6, Section 1**

Preferred Stock			(1)	(2)	(3)
		Annual Statement Line Number	Annual Statement Total Preferred Stock	Total From RBC Report	Difference
1.	Parent .....	0199999 .....			
2.	U.S. P&C Insurers .....	0299999 .....		X X X	X X X .....
3.	U.S. Life Insurers .....	0399999 .....		X X X	X X X .....
4.	U.S. Health Entity .....	0499999 .....	<b>N O N E</b>		X X X .....
5.	Total P&C, Life and Health Insurers .....				
6.	Alien Insurer .....	0599999 .....			
7.	Non-Insurer Which Controls Insurers .....	0699999 .....			
8.	Investment Subsidiary .....	0799999 .....			
9.	Other Affiliates .....	0899999 .....			
10.	Subtotal .....	0999999 .....			

Common Stock			(1)	(2)	(3)
		Annual Statement Line Number	Annual Statement Total Common Stock	Total From RBC Report	Difference
11.	Parent .....	1099999 .....			
12.	U.S. P&C Insurers .....	1199999 .....		X X X	X X X .....
13.	U.S. Life Insurers .....	1299999 .....		X X X	X X X .....
14.	U.S. Health Entity .....	1399999 .....	<b>N O N E</b>		X X X .....
15.	Total P&C, Life and Health Insurers .....				
16.	Alien Insurer .....	1499999 .....			
17.	Non-Insurer Which Controls Insurers .....	1599999 .....			
18.	Investment Subsidiary .....	1699999 .....			
19.	Other Affiliates .....	1799999 .....			
20.	Subtotal .....	1899999 .....			

AFFILIATES RISK

OFF- BALANCE SHEET RISK (See instructions for explanation)		(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
1.	Total Non-controlled Assets .....	Gen Int Pt 1 21.21 through	NONE	.....
2.	Guarantees for Affiliates .....	Notes to Financial Statemen		.....
3.	Contingent Liabilities .....	Notes to Financial Statements		.....
4.	Total Miscellaneous Off Balance Sheet Items .....	Lines (1) + (2) + (3)		.....

**FIXED INCOME ASSETS**

BONDS		(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
1.	Class 01 - U.S. Government - Direct and Guaranteed .....	Sch D, Pt 1A, Sn 1, Col. 6, Line 1.1 .....	44,272,040	
2.	Total Class 01 Bonds .....	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.1 .....	56,980,509	
3.	Other Class 01 Bonds .....	Line (2) - Line (1) .....	12,708,469	0.003 .....
4.	Total Class 02 Bonds .....	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.2 .....		0.010 .....
5.	Total Class 03 Bonds .....	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.3 .....		0.020 .....
6.	Total Class 04 Bonds .....	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.4 .....		0.045 .....
7.	Total Class 05 Bonds .....	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.5 .....		0.100 .....
8.	Total Class 06 Bonds .....	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.6 .....		0.300 .....
9.	Total Bonds .....		56,980,509	38,125

MISCELLANEOUS FIXED INCOME ASSETS				
10.	Cash .....	Page 2, Line 5, inside amount 1 .....	(18,547,658)	0.003 .....
11.	Cash Equivalents .....	Page 2, Line 5, inside amount 2 .....		
12.	Less: Cash Equivalent, Bonds included in Schedule D, Part 1A .....	Sch E Pt 2, Col. 7, Line 0199999 in part .....		
13.	Net Cash Equivalents .....	Lines (11) - (12) .....		0.003 .....
14.	Short-Term Investments .....	Page 2, Line 5, inside amount 3 .....	27,811,068	
15.	Short-Term Bonds .....	Sch DA Pt 1 Col. 7 Ln. 6099999 .....		
16.	Exempt Money Market Mutual Funds .....	Sch DA Pt 1 Col. 7 Ln. 7999999 .....	27,811,068	
17.	Class One Money Market Mutual Funds .....	Sch DA Pt 1 Col. 7 Ln. 8099999 .....		
18.	Total Short-Term Investments .....	Lines (14) - (15) - (16) - (17) .....		0.003 .....
19.	Mortgage Loans - First Liens .....	Page 2, Col. 3, Line 3.1 .....		0.050 .....
20.	Mortgage Loans - Other Than First Liens .....	Page 2, Col. 3, Line 3.2 .....		0.050 .....
21.	Receivable for Securities .....	Page 2, Col. 3, Line 8 .....		0.050 .....
22.	Aggregate write-ins for invested assets .....	Page 2, Col. 3, Line 9 .....		0.050 .....
23.	Collateral Loans .....	Included in Page 2, Col. 3, Line 7 .....		0.050 .....
24.	Other Long-Term Invested Assets .....	Included in Page 2, Col. 3, Line 7 .....		0.200 .....
25.	Total Other Long-Term Invested Assets (Page 2, Col. 3, Line 7) .....	Lines (23) + (24) .....		
26.	Total Fixed Income Assets RBC .....	Lines (9) + (10) + (13) + (18) + (19) + (20) + (21) + (22) + (23) + (24) .....		38,125

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**REPLICATION (SYNTHETIC ASSET) TRANSACTIONS AND MANDATORILY CONVERTIBLE SECURITIES**

(1) RSAT Number	(2) Type	(3) CUSIP	(4) Description of Asset(s)	(5) NAIC Designation or Other Description of Asset	(6) Value of Asset	(7) RBC Requirement
				<div>NONE</div>		
..... X X X .....	.. X X X .	..... X X X .....	9999999 Total .....	..... X X X .....	.....	.....

**EQUITY ASSETS**

PREFERRED STOCK - UNAFFILIATED		(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
Annual Statement Source				
1.	Class 01 Unaffiliated Preferred Stock .....	Included in Sch D, Part 2, Sn 1 .....		
2.	Class 02 Unaffiliated Preferred Stock .....	Included in Sch D, Part 2, Sn 1 .....		
3.	Class 03 Unaffiliated Preferred Stock .....	Included in Sch D, Part 2, Sn 1 .....		
4.	Class 04 Unaffiliated Preferred Stock .....	Included in Sch D, Part 2, Sn 1 .....		
5.	Class 05 Unaffiliated Preferred Stock .....	Included in Sch D, Part 2, Sn 1 .....		
6.	Class 06 Unaffiliated Preferred Stock .....	Included in Sch D, Part 2, Sn 1 .....		
7.	Total Unaffiliated Preferred Stock .....	Page 2, Col 3, Line 2.1 - Sch D Summary, Col 1, Line 39 .....		

COMMON STOCK - UNAFFILIATED				
8.	Federal Home Loan Bank Stock .....	Company Records .....		
9.	Non-Government Money Market Funds .....	Sch D Pt 2 Sn 2, Col, 6, Line 7199999 .....		
10.	Total Common Stock .....	Sch D, Summary, Col. 1, Line 54 .....		
11.	Affiliated Common Stock .....	Sch D, Summary, Col. 1, Line 53 .....		
12.	Other Unaffiliated Common Stock .....	Lines (10) - (8) - (9) - (11) .....		
13.	Total Unaffiliated Common Stock .....	Lines (8) + (9) + (12) .....		

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**PROPERTY & EQUIPMENT ASSETS**

		(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
	Annual Statement Source			
1.	Properties occupied by the company ..... Page 2, Col 3, Line 4.1 .....			
2.	Encumbrances (Property occupied by the company) ..... Page 2, Line 4.1, inside amount .....			
3.	Properties held for the production of income ..... Page 2, Col 3, Line 4.2 .....			
4.	Encumbrances (Property held for production of income) ..... Page 2, Line 4.2, inside amount .....			
5.	Properties held for sale ..... Page 2, Col 3, Line 4.3 .....			
6.	Encumbrances (Property held for sale) ..... Page 2, Line 4.3, inside amount .....			
7.	Furniture and equipment ..... Page 2, Col 3, Line 19 .....			
7.1	Health Care Delivery subject to statutory acct depreciation limits ..... Company Records .....			
7.2	All other furniture and equipment ..... Company Records .....			
8.	Electronic Data Processing equipment and software ..... Page 2, Col 3, Line 18 .....			
9.	TOTAL Property and Equipment ..... Lines 1 + 2 + 3 + 4 + 5 + 6 + 7.1 + 7.2 + 8 .....			

NONE

**ASSET CONCENTRATION**

Issuer Name: \_\_\_\_\_

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE

**ASSET CONCENTRATION**

Issuer Name: \_\_\_\_\_

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE

**ASSET CONCENTRATION**

Issuer Name: \_\_\_\_\_

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE

**ASSET CONCENTRATION**

Issuer Name: \_\_\_\_\_

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE

**ASSET CONCENTRATION**

Issuer Name: \_\_\_\_\_

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE

**ASSET CONCENTRATION**

Issuer Name: \_\_\_\_\_

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE

ASSET CONCENTRATION

Issuer Name: \_\_\_\_\_

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE

ASSET CONCENTRATION

Issuer Name: \_\_\_\_\_

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE

**ASSET CONCENTRATION**

Issuer Name: \_\_\_\_\_

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE

**ASSET CONCENTRATION**

Issuer Name: \_\_\_\_\_

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE



**ASSET CONCENTRATION**

Issuer Name: Grand Total

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds .....			
2. Class 3 Unaffiliated Bonds .....			
3. Class 4 Unaffiliated Bonds .....			
4. Class 5 Unaffiliated Bonds .....			
5. Collateral Loans .....			
6. Mortgages .....			
7. Unaffiliated Preferred Stock - Asset Class 2 .....			
8. Unaffiliated Preferred Stock - Asset Class 3 .....			
9. Unaffiliated Preferred Stock - Asset Class 4 .....			
10. Unaffiliated Preferred Stock - Asset Class 5 .....			
11. Other Long-Term Invested Assets .....			
12. Unaffiliated Common Stock .....			
13. Total of Issuer = Lines (1) through (12) .....			

NONE

**UNDERWRITING RISK**  
**Experience Fluctuation Risk**

Line of Business		(1) Comprehensive Medical	(2) Medicare Supplement	(3) Dental	(4) Other	(5) Total
1.	Premium .....					
2.	Title XVIII - Medicare .....		X X X .....	X X X .....	X X X .....	
3.	Title XIX - Medicaid .....	(185,017)	X X X .....	X X X .....	X X X .....	(185,017)
4.	Other Health Risk Revenue .....		X X X .....			
5.	Underwriting Risk Revenue = Lines 1 + 2 + 3 + 4 .....	(185,017)				(185,017)
6.	Net Incurred Claims .....	271,417				271,417
7.	Fee-for-service Offset .....		X X X .....			
8.	Underwriting Risk Incurred Claims = Line 6 - Line 7 .....	271,417				271,417
9.	Underwriting Risk Claim Ratio Line 8 / Line 5 .....					
10.	Underwriting Risk Factor* .....	0.150	0.105	0.120	0.130	X X X .....
11.	Base Underwriting Risk RBC = Lines 5 x 9 x 10 .....					
12.	Managed Care Discount Factor .....	0.850	0.850	0.850	1.000	X X X .....
13.	RBC after Managed Care Discount = Lines 11 x 12 .....					
14.	Maximum per-individual Risk after Reinsurance .....				9,999,999	X X X .....
15.	Alternate Risk Charge** .....	1,500,000				X X X .....
16.	Alternate Risk Adjustment .....					X X X .....
17.	Net Alternate Risk Charge*** .....	1,500,000				1,500,000
18.	Net Underwriting Risk RBC (MAX {(Line 13, Line 17)}) .....	1,500,000				1,500,000

TIERED RBC FACTORS*				
	Comprehensive Medical	Medicare Supplement	Dental	Other
\$0-\$3 Million	0.150	0.105	0.120	0.130
\$3-\$25 Million	0.150	0.067	0.076	0.130
Over \$25 Million	0.090	0.067	0.076	0.130
ALTERNATE RISK CHARGE**				
-	\$1,500,000	\$50,000	\$50,000	\$50,000
LESSER OF:	or	or	or	or
-	2 x Maximum	2 x Maximum	2 x Maximum	2 x Maximum
-	Individual Risk	Individual Risk	Individual Risk	Individual Risk

\*\*\*Limited to the largest of the applicable alternate risk adjustments, prorated if necessary.

**ANNUAL STATEMENT SOURCES**

Line of Business		(1) Comprehensive Medical	(2) Medicare Supplement	(3) Dental	(4) Other	(5) Total
1.	Premium .....	.. Page 7, Col. 2, Lines 1 + 2 ..	.. Page 7, Col. 3, Lines 1 + 2 ..	.. Page 7, Col. 4, Lines 1 + 2 ..	.....	-185017 .....
2.	Title XVIII - Medicare .....	.. Page 7, Col. 7, Lines 1 + 2 ..	..... X X X .....	..... X X X .....	..... X X X .....	.. Page 7. Col. 7, Lines 1 + 2 ..
3.	Title XIX - Medicaid .....	.. Page 7, Col. 8, Lines 1 + 2 ..	..... X X X .....	..... X X X .....	..... X X X .....	.. Page 7, Col. 8, Lines 1 + 2 ..
4.	Other Health Risk Revenue .....	..... Page 7, Col. 2, Line 4 .....	..... X X X .....	..... Page 7. Col. 4, Line 4 .....	.....	.....
6.	Net Incurred Claims .....	Page 7, Line 17, Cols 2 + 7 + 8	..... Page 7, Col. 3, Line 17 ....	..... Page 7, Col. 4, Line 17 ....	.....	..... 271417 .....
7.	Fee-for-service Offset .....	..... Page 7, Col. 2, Line 3 .....	..... X X X .....	..... Page 7, Col. 4, Line 3 .....	.....	.....
14.	Maximum per-individual Risk after Reinsurance ..	Gen. Int. Pt 2, Line 5.31 + 5.32	.... Gen. Int. Pt 2, Line 5.33 ...	.... Gen. Int. Pt 2, Line 5.34 ...	.....	..... X X X .....

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
<b>Other Underwriting Risk</b>				
19. Business with Rate Guarantees Between 15-36 Months - Direct Premium Earned .....	General Interrogatories Pt 2, Line 9.21 .....			
20. Business with Rate Guarantees Over 36 Months - Direct Premium Earned .....	General Interrogatories Pt 2, Line 9.22 .....			
21. FEHBP and TRICARE Claims Incurred .....	UI, Pt 2, Col 6, Line 12.4 .....			
22. Stop Loss and Minimum Premium .....	Page 7, Col 9, Line 1 + 2 .....			
<b>Disability Income Premium</b>				
23. Noncancellable Disability Income - Individual Morbidity .....	Included in Page 7, Col 10, Line 1 and 2 .....			
23.1 First \$50 Million Earned Premium of Line (23) .....				
23.2 Over \$50 Million Earned Premium of Line (23) .....				
23.3 Total Noncancellable Disability Income - Individual Morbidity .....	Lines (23.1) + (23.2) .....			
24. Other Disability Income - Individual Morbidity .....	Included in Page 7, Col 10, Line 1 and 2 .....			
24.1 Earned Premium in Line (24) [up to \$50 million less the premium in Line (23.1)] .....				
24.2 Earned Premium in Line (24) not included in Line (24.1) .....				
24.3 Total Other Disability Income - Individual Morbidity .....	Lines (24.1) + (24.2) .....			
25. Disability Income - Credit Monthly Balance Plans .....	Included in Page 7, Col 10, Line 1 and 2 .....			
25.1 First \$50 Million Earned Premium of Line (25) .....				
25.2 Over \$50 Million Earned Premium of Line (25) .....				
25.3 Total Disability Income - Credit Morbidity .....	Lines (25.1) + (25.2) .....			
26. Disability Income - Group Long-Term .....	Included in Page 7, Col 10, Line 1 and 2 .....			
26.1 Earned Premium in Line (26) [up to \$50 million less Premium in Line (25.1)] .....				
26.2 Earned Premium in Line (26) not included in Line (26.1) .....				
26.3 Total Disability Income - Group Long-Term .....	Lines (26.1) + (26.2) .....			
27. Disability Income - Credit Single Premium with Additional Reserves .....	Included in Page 7, Col 10, Line 1 and 2 .....			
27.1 Additional Reserves for Credit Disability Plans .....	Company Records .....			
27.2 Additional Reserves for Credit Disability Plans, prior year .....	Company Records .....			
27.3 Subtotal Disability Income - Credit Single Premium with Additional Reserves .....	Lines (27.1) + (27.2) .....			
27.4 Earned Premium in Line (27.3) [up to \$50 million less Premium in Lines (25.1) + (26.1)] .....				
27.5 Earned Premium in Line (27.3) not included in Line (27.4) .....				
27.6 Total Disability Income - Credit Single Premium with Additional Reserves .....	Lines (27.4) + (27.5) .....			
28. Disability Income - Credit Single Premium without Additional Reserves .....	Included in Page 7, Col 10, Line 1 and 2 .....			
28.1 Earned Prem in Line (28) [up to \$50 million less Prem in Lines (25.1) + (26.1) + (27.4)] .....				
28.2 Earned Premium in Line (28) not included in Line (28.1) .....				
28.3 Total Disability Income - Credit Single Premium without Additional Reserves .....	Lines (28.1) + (28.2) .....			
29. Disability Income - Group Short-term .....	Included in Page 7, Col 10, Line 1 and 2 .....			
29.1 Earned Prem in Line (29) [up to \$50 million less Prem in Lines (25.1) + (26.1) + (27.4) + (28.1)] .....				
29.2 Earned Premium in Line (29) not included in Line (29.1) .....				
29.3 Total Disability Income - Group Short-term .....	Lines (29.1) + (29.2) .....			

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NONE

## LONG-TERM CARE Premiums

		1		2
	Long-Term Care (LTC) Insurance Premium	Annual Statement Source	Amount	Factor (a)
30.	Noncancellable LTC - Individual Morbidity .....	Included in Page 7, Col. 11, Lines 1 and 2	<b>NONE</b>	
31.	All LTC Premium - Morbidity Risk (to \$50 million) .....	Line (34.1) Column (1) up to \$50 million ...		
32.	LTC Premium (over \$50 million) - Morbidity Risk .....	Remainder of Line (34.1) column (1) over \$		
33.	Premium-based RBC .....	Col. (2), Lines (30) + (31) + (32) .....		

## Claims

		1	2	3	4
	Historical Loss Ratio Experience	Annual Statement Source	Premiums	Incurred Claims	Col. 2/1 Loss Ratio (d)
34.1	Current Year .....	Company Records .....			
34.2	Immediate Prior Year .....	Company Records .....			
34.3	Average Loss Ratio .....	If loss ratios are used, [Col. 3, Line 34.1 + 34.2 / 2, otherwise zero] .....			
35.	Adjusted LTC Claims for RBC .....	If Col. 3, Ln 34.3 <> 0, then [Col. 1, Ln 31 + Line 32] X Col. 3, Ln 34.3, else Col. 2, Ln 34.1 ..	<b>NONE</b>		
35.1	Claims (to \$35 million) Morbidity Risk .....	Lower of Col. 2, Line 35 and \$35 million .....			
35.2	Claims (over \$35 million) - Morbidity Risk .....	Excess of Col. 2, Line 35 over \$35 million .....			
36.	LTC Claims Reserves .....	Company Records .....			
37.	Claims-based RBC .....	Col. 4, Lines 35.1 + 35.2 .....			
38.	LTC RBC .....	Col. 2, Line 33 + Col. 4, Lines 36 + 37 .....			

(a) The factor applies to all Non-cancelable premium.

(b) If Column (1), Line (34.1) is positive, then a factor of 0.250 is used. Otherwise, a higher factor of 0.370 is used.

(c) If Column (1), Line (34.1) is positive, then a factor of 0.080 is used. Otherwise, a higher factor of 0.120 is used.

(d) If Column (1), Line (34.1) or (34.2) are less than or equal to zero, or if Column (2), Line (34.1) or (34.2) are less than zero, the loss ratios are not used and Column (3), Line 34.3) is set to zero.

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Limited Benefit Plans (Individual and Group Combined)

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
39. Hospital Indemnity and Specified Disease .....	Included in Page 7, Col 12, Line 1 and 2 .....			
39.1 50,000 if Line 39 is greater than zero .....				
39.2 Total Hospital Indemnity and Specified Disease .....	Lines (39) + (39.1) .....			
40. Accidental Death & Dismemberment .....	Included in Page 7. Col. 12, Line 1 and 2 .....			
40.1 First 10 Million Earned Premium of Line 40 .....				
40.2 Over 10 Million Earned Premium of Line 40 .....				
40.3 Maximum Retained Risk for any single claim .....	Company Records .....			
40.4 Three times Line 40.3 .....				
40.5 Lesser of Line 40.4 or \$300,000 .....				
40.6 Total AD&D .....	Lines (40.1) + (40.2) + (40.5) .....			
41. Other Accident .....	Included in Page 7, Col. 12, Line 1 and 2 .....			
42. Premium Stabilization Reserves .....	Included in U & I, Part 2D. Col. 1, Line 4 .....		*	
43. Total, Other Underwriting Risk .....	Lines (19)+(20)+(21)+(22)+(23.3)+(24.3)+(25.3)+(26.3)+(27.6) +(28.3)+(29.3)+(38)+(39)+(40.6)+(41)+(42)			

NONE

\* This is limited to the total Net Underwriting RBC on XR011, Col (5), Line (18) and XR013, Col (2), Lines (22), (23.3), (24.3), (25.3), (26.3), (27.6), (28.3), (29.3), and XR014 Col (2), Line (33), and XR015 Col (2), Lines (39.2), (40.6), and (41).

**UNDERWRITING RISK - Managed Care Credit Calculation**

Managed Care Claims Payments		Annual Statement Source	(1) Factor*	(2) Paid Claims	(3) Wtd Claims
1.	Category 0 - Arrangements not Included in Other Categories .....	Exhibit 7, Pt 1, Col 1, Line 5 .....	0.000 .....		
2.	Category 1 - Payments Made According to Contractual Arrangements .....	Exhibit 7, Pt 1, Col 1, Line 6 .....	0.150 .....	271,417	40,713
3.	Category 2a - Subject to Withholds or Bonuses - Otherwise Category 0 .....	Exhibit 7, Pt 1, Col 1, Line 7 .....			
4.	Category 2b - Subject to Withholds or Bonuses - Otherwise Category 1 .....	Exhibit 7, Pt 1, Col 1, Line 8 .....	0.150 .....		
5.	Category 3a - Capitated Payments Directly to Providers .....		0.600 .....		
5.1	Capitation Payments - Medical Group - Category 3a .....	Exhibit 7, Pt 1, Col 1, Line 1 .....			
5.2	Capitation Payments - All Other Providers - Category 3a .....	Exhibit 7, Pt 1, Col 1, Line 3 .....			
6.	Category 3b - Capitated Payments to Regulated Intermediaries .....	Included in Exhibit 7, Pt 1, Col 1, Line 2 .....	0.600 .....		
7.	Category 3c - Capitated Payments to Non-Regulated Intermediaries .....	Included in Exhibit 7, Pt 1, Col 1, Line 2 .....	0.600 .....		
8.	Category 4 - Medical & Hospital Expense Paid as Salary to Providers .....		0.750 .....		
8.1	Non-contingent Salaries - Category 4 .....	Exhibit 7, Pt 1, Col 1, Line 9 .....			
8.2	Aggregate Cost Arrangements - Category 4 .....	Exhibit 7, Pt 1, Col 1, Line 10 .....			
8.3	Less Fee For Service revenue from ASC or ASO .....	Company Records .....			
9.	Total Paid Claims .....	Exhibit 7, Pt 1, Col 1, Line 13 - Line 11 - Line 8.3 .....		271,417	40,713
10.	Weighted Average Managed Care Discount .....				0.150
11.	Weighted Average Managed Care Risk Adjustment Factor .....				0.850

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*Calculation of Category 2 Managed Care Factor		Annual Statement Source	(1) Amount
12.	Withhold & bonus payments, prior year .....	..... Company Records .....	.....
13.	Withhold & bonuses available, prior year .....	..... Company Records .....	.....
14.	MCC Multiplier - average withhold returned [Line (12) / Line (13)] .....	.....	.....
15.	Withholds & bonuses available, prior year .....	..... Company Records .....	.....
16.	Claims payments subject to withhold, prior year .....	..... Company Records .....	.....
17.	Average withhold rate, prior year [Line (15) / Line (16)] .....	.....	.....
18.	MCC Discount Factor, Category 2 Minimum {.25, [Line (14) x Line (17)]} .....	.....	.....



**CREDIT RISK**

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
<b>Reinsurance Ceded</b>				
1. Recoverables on Paid Losses - 100% owned affiliates .....	Included in Sch S, Pt 2, Col 6, Line 0499999 .....			
2. Recoverables on Paid Losses - other affiliates .....	Included in Sch S, Pt 2, Col 6, Line 0499999 .....			
3. Recoverables on Paid Losses - Non-affiliates .....	Sch S, Pt 2, Col 6, Line 0599999 .....			
4. Total Recoverables on Paid Losses .....	Sch S, Pt 2, Col 6, Line 0699999 .....			
5. Recoverables on Unpaid Losses - 100% owned affiliates .....	Included in Sch S, Pt 2, Col 7, Line 0499999 .....			
6. Recoverables on Unpaid Losses - other affiliates .....	Included in Sch S, Pt 2, Col 7, Line 0499999 .....			
7. Recoverables on Unpaid Losses - Non-affiliates .....	Sch S, Pt 2, Col 7, Line 0599999 .....			
8. Total Recoverables on Unpaid Losses .....	Sch S, Pt 2, Col 7, Line 0699999 .....			
9. Unearned premiums - 100% owned affiliates .....	Included in Sch S, Pt 3, Sn 2, Col 8, Line 0199999 .....			
10. Unearned premiums - other affiliates .....	Included in Sch S, Pt 3, Sn 2, Col 8, Line 0199999 .....			
11. Unearned premiums - Non-affiliates .....	Sch S, Pt 3, Sn 2, Col 8, Line 0299999 .....			
12. Total unearned premiums .....	Sch S, Pt 3, Sn 2, Col 8, Line 0399999 .....			
13. Other Reserve Credits - 100% owned affiliates .....	Included in Sch S, Pt 3, Sn 2, Col 9, Line 0199999 .....			
14. Other Reserve Credits - other affiliates .....	Included in Sch S, Pt 3, Sn 2, Col 9, Line 0199999 .....			
15. Other Reserve Credits - Non-affiliates .....	Sch S, Pt 3, Sn 2, Col 9, Line 0299999 .....			
16. Total Other Reserve Credits .....	Sch S, Pt 3, Sn 2, Col 9, Line 0399999 .....			
17. Total Reinsurance RBC .....	Lines (4) + (8) + (12) + (16) .....			
<b>Capitations to Intermediaries</b>				
18. Total Capitations Paid Directly to Providers .....	XR016, Col (2), Line (5) .....			
19. Less Secured Capitations to Providers .....	Company Records .....			
20. Capitations to Providers subject to Credit Risk Charge .....	Lines (18) - (19) .....			
21. Total Capitations to Intermediaries .....	XR016, Col (2), Line (6) + (7) .....			
22. Less Secured Capitations to Intermediaries .....	Company Records .....			
23. Capitations to Intermediaries Subject to Credit Risk Charge .....	Lines (21) - (22) .....			
24. Capitation Credit Risk RBC .....	Lines (20) + (23) .....			

**NONE**

XR018

**CREDIT RISK - Other Receivables**

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
<b>Other Receivables</b>				
25. Investment Income Receivable .....	Page 2, Col 3, Line 12 .....	431,284	0.010	4,313
26. Health Care Receivables .....	Exhibit 3, Col. 7, Line 0799999 .....			
26.1 Pharmaceutical Rebate Receivables .....	Exhibit 3, Col. 7, Line 0199999 .....		0.050	
26.2 Claim Overpayment Receivables .....	Exhibit 3, Col. 7, Line 0299999 .....		0.050	
26.3 Loan and Advances to Providers .....	Exhibit 3, Col. 7, Line 0399999 .....		0.050	
26.4 Capitation Arrangement Receivables .....	Exhibit 3, Col. 7, Line 0499999 .....		0.050	
26.5 Risk Sharing Receivables .....	Exhibit 3, Col. 7, Line 0599999 .....		0.050	
26.6 Other Health Care Receivables .....	Exhibit 3, Col. 7, Line 0699999 .....		0.050	
27. Amounts Receivable relating to uninsured accident and health plans .....	Included in Page 2, Col. 3, Line 15 .....	2,234,897	0.050	111,745
28. Amounts Due from Parents, Subs, and Affiliates .....	Page 2, Col. 3, Line 21 .....		0.050	
29. Aggregate Write-Ins for other than invested assets .....	Page 2, Col. 3, Line 23 .....		0.050	
30. Total Other Receivables RBC .....	Line (25) + Sum of Lines (26.1) through (29)			116,058
31. Total Credit RBC .....	Lines (17) + (24) + (30) .....			116,058

**BUSINESS RISK**

	Annual Statement Source	(1) Amount	Factor*	(2) RBC Requirement
<b>Administrative Expense Risk</b>				
1. Claims adjustment expenses .....	Page 4, Col. 2, Line 20 .....	695,148		
2. General administrative expenses .....	Page 4, Col. 2, Line 21 .....	949,354		
3. less the Net amount of ASC Revenue and Expenses included in Line 1 and Line 2 .....	Company Records .....			
4. less the Net amount of ASO Revenue and Expenses included in Line 1 and Line 2 .....	Company Records .....	39,592		
5. less Administrative Expenses for Commission & Premium Taxes .....	Company Records .....	(3,700)		
6. Administrative Expenses Base RBC .....	Lines (1) + (2) - (3) - (4) - (5) .....	1,608,610	0.070	112,603
7. Proration of Administrative Expense to Experience Fluctuation Risk .....	Lines (6) x (20) / ((21) + (22)) .....			112,603
<b>Non-Underwritten and Limited-Risk</b>				
8. Administrative expenses for ASC arrangements .....	Company Records .....		0.020	
9. Administrative expenses for ASO arrangements .....	Company Records .....	135,443,201	0.020	2,708,864
10. Medical costs paid through ASC arrangements (Including Fee-for service received from other health entities) .....	Company Records .....	15,630	0.010	156
11. Non-Underwritten and Limited Risk Business RBC .....		135,458,831		2,709,020
<b>Guaranty Fund Assessment Risk</b>				
12. Premiums Subject to Guaranty Fund Assessment .....	Included in Sch T - Company Records .....		0.005	
<b>Excessive Growth Risk</b>				
13. Underwriting Risk Revenue, Prior Year .....	2004 XR011, Col (5), Line (5) (manual entry) .....	1,048,821		
14. Underwriting Risk Revenue, Current Year .....	2005 XR011, Col (5), Line (5) .....	(185,017)		
15. Net Underwriting Risk RBC, Prior Year .....	2004 XR011, Col (5), Line (18) (manual entry) .....	1,500,000		
16. Net Underwriting Risk RBC, Current Year .....	2005 XR011, Col (5), Line (18) .....	1,500,000		
17. RBC Growth Safe Harbor .....	[Line (14) / Line (13) + .10] x Line (15) .....			
18. Excess of RBC Growth Over Safe Harbor .....	Max {0, Line (16) - Line (17)} .....			
19. Excessive Growth Risk RBC .....	.5 x Line (18) .....			

\*The factor for the Administrative Expenses Base RBC is calculated as a weighted average, based on premium volume from XR011

	Annual Statement Source	(1) Premium	Weight	(2) Weighted Premium
20. Experience Fluctuation Risk Revenue .....	XR011, Col (5), Line (5) .....	(185,017)		
21. Premiums Earned .....	Page 4, Col 2, Line 2 + 3 .....	(185,017)		
22. Risk Revenue .....	Page 4, Col 2, Line 5 .....			
23. Tier 1 - \$0 to \$25 million of Line (20) .....			0.070	
24. Tier 2 - Amount over \$25 million of Line (20) .....			0.040	
25. Total Experience Fluctuation Risk Revenue .....	Lines (23) + (24) .....			
26. Administrative Expenses Base RBC Factor .....	Col (2), Line (25) / Col (1), Line (25) .....			0.070

XR020

**Calculation of Total Risk-Based Capital After Covariance**

		(1) RBC Amount
<b>H0 - ASSET RISK - AFFILIATES W/RBC</b>		
1. Off-Balance Sheet Items .....	XR005, Off-Balance Sheet Page - Line 4 .....	
2. Directly Owned Insurer Subject to RBC .....	XR003, Affiliates Page - Line 1 .....	
3. Indirectly Owned Insurer Subject to RBC .....	XR003, Affiliates Page - Line 2 .....	
4. Directly Owned MCO Subject to RBC .....	XR003, Affiliates Page - Line 3 .....	
5. Indirectly Owned MCO Subject to RBC .....	XR003, Affiliates Page - Line 4 .....	
6. Directly Owned Alien Insurer .....	XR003, Affiliates Page - Line 7 .....	
7. Indirectly Owned Alien Insurers .....	XR003, Affiliates Page - Line 8 .....	
8. TOTAL H0 .....	Sum of Lines 1 through 7 .....	
<b>H1 - ASSET RISK - OTHER</b>		
9. Investment Subsidiary .....	XR003, Affiliates Page - Line 5 .....	
10. Holding Company Excess of Subsidiaries .....	XR003, Affiliates Page - Line 6 .....	
11. Investment in Parent .....	XR003, Affiliates Page - Line 9 .....	
12. Other Affiliates .....	XR003, Affiliates Page - Line 10 .....	
13. Fair Value Excess Affiliate Common Stock .....	XR003, Affiliates Page - Line 11 .....	
14. Fixed Income Assets .....	XR006, Fixed Income Assets Page - Line 26 .....	38,125
15. Replication & Mandatorily Convertible Securities .....	XR007, Replication/MCS Page - Line 9999999 .....	
16. Unaffiliated Preferred Stock .....	XR008, Equity Assets Page - Line 7 .....	
17. Unaffiliated Common Stock .....	XR008, Equity Assets Page - Line 13 .....	
18. Property & Equipment .....	XR009, Prop/Equip Assets Page - Line 6 .....	
19. Asset Concentration .....	XR010, Grand Total Asset Concentration Page - Line 13 ....	
20. TOTAL H1 .....	Sum of Lines 9 through 19 .....	38,125
<b>H2 - UNDERWRITING RISK</b>		
21. Net Underwriting Risk .....	XR011, Underwriting Risk Page - Line 18 .....	1,500,000
22. Rate Guaranty - 15-36 Months .....	XR013, Underwriting Risk Page - Line 19 .....	
23. Rate Guaranty - Over 36 Months .....	XR013, Underwriting Risk Page - Line 20 .....	
24. Assessment Risk (Non-Guaranty Fund) .....	XR013, Underwriting Risk Page - Line 21 .....	
25. Stop Loss .....	XR013, Underwriting Risk Page - Line 22 .....	
26. Disability Income .....	XR013, Underwriting Risk Page - Lines 23.3 + 24.3 + 25.3 ... + 26.3 + 27.6 + 28.3 + 29.3 .....	
27. Long-Term Care .....	XR014, Underwriting Risk Page - Line 38 .....	
28. Limited Benefit Plans .....	XR015, Underwriting Risk Page - Lines 39 + 40.6 + 41 .....	
29. Premium Stabilization Reserve .....	XR015, Underwriting Risk Page - Line 42 .....	
30. TOTAL H2 .....	Sum of Lines 21 through 29 .....	1,500,000

XR021

**Calculation of Total Risk-Based Capital After Covariance (continued)**

		(1) RBC Amount
<b>H3 - CREDIT RISK</b>		
31. Total Reinsurance RBC .....	XR018, Credit Risk Page - Line 17 .....	
32. Intermediaries Credit Risk RBC .....	XR018, Credit Risk Page - Line 24 .....	
33. Total Other Receivables RBC .....	XR019, Credit Risk Page - Line 30 .....	116,058
34. TOTAL H3 .....	Sum of Lines 31 through 33 .....	116,058
<b>H4 - BUSINESS RISK</b>		
35. Administrative Expense RBC .....	XR020, Business Risk Page - Line 7 .....	112,603
36. Non-Underwritten and Limited Risk Business RBC .....	XR020, Business Risk Page - Line 11 .....	2,709,020
37. Premiums Subject to Guaranty Fund Assessments .....	XR020, Business Risk Page - Line 12 .....	
38. Excessive Growth RBC .....	XR020, Business Risk Page - Line 19 .....	
39. TOTAL H4 .....	Sum of Lines 35 through 38 .....	2,821,623
40. RBC after Covariance .....	$H0 + \text{Square Root of } (H1^2 + H2^2 + H3^2 + H4^2)$ .....	3,197,887
41. Authorized Control Level RBC .....	.50 x RBC after Covariance .....	1,598,944

**CALCULATION OF TOTAL ADJUSTED CAPITAL**

	Annual Statement Source	(1) Amount	Factor	(2) Adjusted Capital
<b>Company Amounts</b>				
1. Capital and Surplus .....	Page 3, Col 3, Line 31 .....	30,420,776	1.000	30,420,776
<b>Subsidiary Adjustments</b>				
2. AVR - Life Subsidiaries .....	Affiliate's statement .....		1.000	
3. Dividend Liability - Life Subsidiaries .....	Affiliate's statement .....		0.500	
4. Tabular Discounts - P&C Subsidiaries .....	Affiliate's statement .....		(1.000)	
5. Non-Tabular Discounts - P&C Subsidiaries .....	Affiliate's statement .....		(1.000)	
6. Total Adjusted Capital, Post-deferred Tax .....				30,420,776
<b>SENSITIVITY TEST:</b>				
7. DTA Value for Company .....	Page 2, Col. 3, Line 16.2 .....		1.000	
8. DTL Value for Company .....	Page 3, Col. 3, Line 10.2 .....		1.000	
9. DTA Value for Insurance Subsidiaries .....	Company Records .....		1.000	
10. DTL Value for Insurance Subsidiaries .....	Company Records .....		1.000	
11. Total Adjusted Capital, Pre-deferred Tax (sensitivity) .....	Lines 6 - 7 + 8 - 9 + 10 .....			30,420,776

**COMPARISON OF TOTAL ADJUSTED CAPITAL TO RISK-BASED CAPITAL**

		Abbreviation	(1) Amount
1.	Total Adjusted Capital, Post Tax .....		30,420,776
2.	Company Action Level = 200% of Authorized Control Level .....	CAL .....	3,197,888
3.	Regulatory Action Level = 150% of Authorized Control Level .....	RAL .....	2,398,416
4.	Authorized Control Level = 100% of Authorized Control Level .....	ACL .....	1,598,944
5.	Mandatory Control Level = 70% of Authorized Control Level .....	MCL .....	1,119,261
6.	Level of Action, if Any .....		None .....
<b>THE FOLLOWING NUMBERS MUST BE REPORTED IN THE FIVE YEAR HISTORY EXHIBIT ON THE INDICATED LINE</b>			
	Total Adjusted Capital on Line 13 of the Five-Year Historical Data Page .....		30,420,776
	Authorized Control Level Risk-Based Capital on Line 14 of the Five-Year Historical Data Page .....		1,598,944